

**FBIS****DAILY REPORT  
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HU QILI ON IMPORTANCE OF DEVELOPING U.S. TIES

OW141350 Beijing XINHUA in English 1336 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- A senior official of the Communist Party of China (CPC) said here today that China attaches great importance to developing its relations with the United States.

"It doesn't matter if we have different views. What is important is that we have to increase our mutual understanding," he said.

Hu Qili, member of the Political Bureau and Secretariat of the CPC Central Committee, made these remarks at a meeting here this afternoon with Edmund G. Brown Jr., president of the U.S. Institute of National Strategy Study.

He told Brown that an important issue China has to solve in its reform is to expand socialist democracy and improve its socialist legal system so that the democratic rights of the people can be institutionalized and legalized.

China's reform, he said, started first in the ideological and political realm. Without major ideological and political changes, no reform is possible. "We hope that the Chinese people can get rich and at the same time have a healthy, sound and developing social environment," he said.

Brown said that the whole world is interested in China's reform. The United States and China, despite their different social systems, have a lot to learn from each other.

Baingen Erdini Qoigyi Gyaincain, vice-chairman of China's National People's Congress Standing Committee, was present at the meeting.

DENG YINGCHAO RECEIVES CALIFORNIAN SCHOLARS

OW090734 Beijing XINHUA in English 0708 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Deng Yingchao, chairperson of the Chinese People's Political Consultative Conference National Committee, met here today U.S. scholars Lilia Huiying Li and her husband George Oakley Totten. Li is fellow of the East Asian Studies Center of the University of Southern California, president of the China Seminar and president of the education committee of the Los Angeles-Guangzhou Friendship City Association. Over the past few years, she has led several groups of scholars from Los Angeles to China.

During the one hour meeting, Deng Yingchao, wife of the late Premier Zhou Enlai, spoke highly of Li's work for the promotion of understanding and friendship between China and the United States as well as exchanges between people on both sides of the Taiwan Strait. Li and her husband arrived here May 25, leading a 1986 Los Angeles summer study group.

PLA DEPUTY CHIEF CONCLUDES JAPAN VISIT 14 JUN

OW141042 Beijing XINHUA in English 1012 GMT 14 Jun 86

[Text] Tokyo, June 14 (XINHUA) -- Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army, left for home today after a week-long visit to Japan. He was seen off at the airport by Seki Hiromoto, counsellor for international affairs of the Japanese Defense Agency, Zhang Shu, Chinese ambassador to Japan and Chinese Military Attaché Miao Changrong.

Xu Xin arrived here on June 8 at the invitation of the Japanese Defense Agency. During his stay, he called on high-ranking officers of the Japanese Defense Agency, including Director-General Koichi Kato. Xu visited Hyakuri Air Base and Yokosuka Naval Base of the Japanese Self-Defense Forces and also toured Kyoto, Osaka, Nara and two military schools.

DPRK'S O CHIN-U MEETS PLA DELEGATION 14 JUN

OW141158 Beijing XINHUA in English 1149 GMT 14 Jun 86

[Text] Pyongyang, June 14 (XINHUA) -- O Chin-u, member of the Presidium of the Central Committee of the Workers' Party of Korea, met with a delegation of the Chinese People's Liberation Army (PLA) this afternoon. The PLA delegation is led by Li Jiulong, member of the Central Committee of the Chinese Communist Party and commander of the PLA's Jinan units.

O Chin-u, also minister of the People's Armed Forces of Korea, told the delegation that Korean people have always treasured the friendship between Korea and China and will continue to develop such friendship in the future. Li Jiulong said the PLA delegation hopes to learn about military and administrative training from the Korean People's Army. The delegation arrived here yesterday.

DPRK'S KIM IL-SONG CITES STEPS FOR REUNIFICATION

OW151102 Beijing XINHUA in English 0934 GMT 15 Jun 86

[Text] Pyongyang, June 15 (XINHUA) -- Korean President Kim Il-song pointed out that the most important step to achieve the reunification of the Korean peninsula is to "smash" the U.S. conspiracy of "two Koreas." He made these remarks in reply to questions raised by the editor-in-chief of the Yugoslav newspaper OSLOBODJENJE on 20 May.

This is a prerequisite for the Korean people to reunify their country independently and peacefully, Kim stressed. The newspaper NODONG SINMUN published in full his answers today. He said that the presence of the U.S. troops in South Korea makes it impossible to ease the tension in the peninsula.

On possible means to realize the reunification, the president reiterated the proposals of his government for tripartite talks among the Democratic People's Republic of Korea, the United States and South Korea, a peace agreement between Korea and the United States, a declaration of non-aggression between the North and the South of Korea. Provided this is done, the U.S. troops will be withdrawn from South Korea, tension in the peninsula will be eased and the relations between the North and South will be improved. Only in this way can the Korean people get united to achieve the peaceful reunification of the country by establishing a Democratic Confederate Republic of Koryo.

On the 24th Olympic Games, Kim said that the proposal for joint sponsorship by the North and the South of the games is fair and reasonable. And if it is accepted, the North will provide the best possible facilities for all events to be held in Pyongyang and warmly receive all the players.

The Korean leader also stated his views on the Non-Aligned Movement, saying that member countries of the movement, irrespective of their difference in social system and religious beliefs, should strengthen unity against arms race and stockpiling of weapons.

Kim expressed the hope that the eighth non-aligned summit to be convened in Harare, capital of Zimbabwe, in August will contribute to the settlement of the urgent problems in the world today, such as the anti-nuclear and peace movement, South-South cooperation and the establishment of a new international economic order.

#### KIM IL-SONG URGES NONALIGNED UNITY

OW130100 Beijing XINHUA in English 0039 GMT 13 Jan 86

[Excerpt] Belgrade, June 12 (XINHUA) -- All Non-aligned countries should strengthen unity, oppose the policy of war and condemn the arms race and stockpiling of weapons regardless of the differences in their social systems, political views and religious beliefs, Korean leader Kim Il-song said.

In an interview with Yugoslav's newspaper OSLOBODJENJE published by the official news agency TANJUG today, Kim said that non-aligned countries should not follow or join any bloc as big powers are trying to exert influence on them.

Non-aligned countries should respect each other's sovereignty and do not interfere in each other's internal affairs to make the Non-Aligned Movement an independent political force, Kim stressed in the interview which came before the eighth non-aligned summit to be convened in Harare, capital of Zimbabwe, in August.

The Korean leader maintained that newly liberated countries should solve their conflicts through peaceful means instead of force while non-aligned countries should refrain from taking steps to intensify such conflicts. Only in this way can unity of the Non-Aligned Movement be ensured, he noted.

#### PYONGYANG TO HOST INTERNATIONAL PEACE CONFERENCE

OW101921 Beijing XINHUA in English 1456 GMT 12 Jun 86

[Text] Pyongyang, June 10 (XINHUA) -- An international peace conference will be held here from September 6 to 8, Korean Central Television station announced tonight. The conference, held in conjunction with the International Year of Peace, will discuss making the Korean peninsula a nuclear-free zone of peace. The TV broadcast said that in December last year, the Workers' Party of Korea and 20 other political parties and social organizations had issued a joint statement demanding that the United States dismantle and remove its nuclear weapons from the Korean peninsula as a first step in making it a peace zone.

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PRC INTERNATIONAL AFFAIRS  
SOUTHEAST ASIA & PACIFIC

E 1

PHILIPPINES' SALVADOR LAUREL ARRIVES FOR 3-DAY VISIT

Departs Manila 15 Jun

OW150616 Beijing XINHUA in English 0605 GMT 15 Jun 86

[Text] Manila, June 15 (XINHUA) -- Philippine Vice-President and Foreign Minister Salvador Laurel and his wife left here for Beijing this morning for a three-day official visit to China at the invitation of the Chinese Government. The vice-president's official party includes Leticia Ramos Shahani, deputy minister of foreign affairs, and some other senior officials. During the visit, Laurel will have talks with Chinese leaders on bilateral relations and some regional matters of common concern. He told Chinese Ambassador to the Philippines Chen Songlu at the airport that "I am looking forward to my visit to China. I hope my visit will strengthen the friendship between the two countries."

This is Laurel's third visit abroad since President Corazon Aquino's government assumed power in February. The previous visits were made to Bali, Indonesia and Japan. The coming visit will be Laurel's third trip to China, following his previous two visits in 1972 and 1979.

Arrives in Beijing

OW151002 Beijing XINHUA in English 0932 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Salvador Laurel, vice-president and foreign minister of the Philippines, and Mrs Laurel, arrived here by special plane this afternoon for a four-day official visit to China at the invitation of the Chinese Government. Laurel, who toured China in 1972 and 1979, is the first high-ranking leader from the Philippines to visit China since the new Philippine Government was formed last February. The vice-president will discuss with Chinese leaders on bilateral relations and international issues of common interest.

Upon their arrival in Beijing, Laurel and his party were greeted at the airport by Zhu Muzhi, chairman of the Chinese Government Reception Committee and minister of culture and Liu Shuqing, vice-minister of foreign affairs.

Feted by Ulanhu

OW151415 Beijing XINHUA in English 1349 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- Vice-President Ulanhu said here today that the Chinese people highly value their friendship with the Filipino people. "We wish to work together with our Filipino friends for further strengthening the friendly relations and cooperation between our two countries," he said.

Ulanhu made these remarks at a banquet given by him in honor of Philippine Vice-President and Foreign Minister Salvador H. Laurel and Mrs. Laurel in the Great Hall of the People here this evening.

He said Laurel's current official visit to China soon after the formation of the new government in the Philippines has shown the importance the Philippine Government and Laurel himself have attached to the development of Sino-Filipino friendly relations and cooperation. He noted that new progress has been made in the Sino-Filipino friendly relations since the new Philippine Government was formed.

Ulanhu said that the Chinese people are deeply concerned with peace and stability of Southeast Asia. He said the Chinese Government highly appreciates a joint statement issued by Laurel and foreign ministers of other ASEAN countries not long ago in Indonesia's Bali in supporting the constructive eight-point proposal for a political settlement of the Kampuchea question put forward by the Coalition Government of Democratic Kampuchea, condemning the Vietnamese acts of aggression and urging the withdrawal of Vietnamese troops from that country.

"We hope that the people in Asia and the rest of the world enjoy peace together and achieve development and progress. Therefore, the Chinese Government unswervingly pursues an independent foreign policy of peace. It is our sincere desire to establish and develop good-neighbourly and friendly relations with Southeast Asian nations who are our close neighbours," he said.

In his toast, Laurel extended to his hosts the warm greetings and best wishes of President Corazon C. Aquino and the Philippine people. Philippines' links with China go back as early as the 10th century, he said. His country has forged a relationship that is deeply rooted in the Philippine history and culture. Laurel said his delegation is here to "renew friendships and make new ones, and to reaffirm the very principles on which our relationship was established."

The vice-president spoke highly of China's achievements in its national economy, adding that the Philippines takes great interest in China's economic reforms. As the Philippine Government has adopted policies designed to make the Philippine economy more open and competitive, there will be more opportunities for an expanded economic cooperative ties with China, he said.

The Philippines also intends to expand the range of its contacts with China in the scientific and technological fields, he said. The vice-president noted that the cultural links between the two countries are being strengthened. All these exchanges have created an excellent environment for relations between the Philippines and China. "We can continue to explore new areas of cooperation with much confidence," he said. "As we look ahead into the future, we are encouraged in the belief that we can foster a more dynamic partnership."

Attending the dinner were Chinese State Councillor and Foreign Minister Wu Xueqian, Zhu Muzhi, chairman of the Chinese Government Reception Committee and minister of culture, and Laurel's entourage.

After his arrival here this afternoon, Laurel was honored at a ceremony at the plaza to the east of the Great Hall of the People, presided over by Ulanhu.

#### Holds Talks with Zhao Ziyang

OW160951 Beijing XINHUA in English 0932 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Premier Zhao Ziyang said today he believed the Philippines could look forward to domestic stability and economic development under the leadership of the new government.

He said China and the Philippines had been friendly neighbors historically, and their friendly relations had strengthened since the new government came to power. The Chinese Government appreciates the Philippine Government's enthusiasm for promoting bilateral friendship. Zhao was speaking at a meeting here with Philippine Vice-President Salvador Laurel, who is on an official visit to China.

Laurel said the Philippines and China had never been enemies, and there was every reason for them to become close friends. He spoke highly of China's support for the new Philippine Government.

Zhao said it was China's policy to promote friendly relations with countries from the Association of South-East Asian Nations (ASEAN), and to wish them solidarity and prosperity. The Chinese Government values highly these countries' contributions to peace and stability in the region, Zhao said.

Laurel said the South-East Asian nations look forward to increased political and economic co-operation with China. He briefed Zhao on the new Philippine Government's efforts to promote stability and develop the economy. The existence of all governments depends on them winning the trust of the people.

Zhao said China was making economic strides while exploring new means of development. The reforms are succeeding without serious setbacks.

Both leaders agreed that barter trade was good for developing countries such as theirs. They also agreed that China and the Philippines shared similar views on the Kampuchean problem, and Laurel expressed his appreciation of China's support for the eight-point proposal for a political settlement in Kampuchea. The Chinese premier asked Laurel to convey to Corazon Aquino his best wishes and those of President Li Xiannian and other Chinese leaders. He invited Mrs Aquino to visit China at a convenient date. Attending the talks were Chinese Foreign Minister and State Councillor Wu Xueqian, Chinese Culture Minister Zhu Muzhi, Philippine Deputy Foreign Minister Leticia Shahani and Philippine Ambassador to China Alfonso Yuchengco.

#### ZHAO ZIYANG RECEIVES NEW PHILIPPINE AMBASSADOR

OW160800 Beijing XINHUA in English 0717 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Chinese Premier Zhao Ziyang met Alfonso T. Yuchengco, newly appointed ambassador of the Philippines to China, in the Great Hall of the People here this morning.

#### RADIO BEIJING INTERVIEWS PHILIPPINE AMBASSADOR

HK131024 Beijing International Service in English 1130 GMT 12 Jun 86

[Feature program: "Interview With Philippine Ambassador to China, His Excellency Alfredo Yuchengco, on the Occasion of Philippine Independence Day"]

[Excerpts] [Radio Beijing -- RB]: China and the Philippines have a long traditional friendship. There is much interaction and exchange between the two nations. How do you think can we further develop these relations?

[Yuchengco] The relationship between China and the Philippines goes back almost 1,000 years, way before Magellan discovered the Philippines. Even in the early 11th century, there was already trade and commerce between our two countries. As you probably know, the Philippines have officially half a million Chinese. But this figure does not include the Chinese who are now Filipino citizens, nor does it include second, third, and fourth generation Chinese-Filipinos. Since diplomatic relations between our two countries was restored in 1975, after the liberation of China, trade has increased substantially. In 1985, total trade between our two countries amounted to less than U.S. \$300 million. In 1986, the projected trade is estimated to be U.S. \$360 million. Right after the people's revolution in February, China was the first country to send a mission to the Philippines. The cultural delegation headed by your cultural minister was very well received in my country. Your cultural minister was able to call on Vice President Laurel and President Aquino, aside from other senior officials in the Philippines. A cultural agreement was entered into by our two countries. Under this agreement, both sides agreed to exchange professors, students, as well as cultural exhibitions. This is one way of promoting a close relationship between our two countries. And we would like to see this agreement fully implemented, if not expanded.

Our vice president, Mr Laurel, is expected to visit Beijing sometime this month. This will be his second official foreign visit since the new government took power. As you know, Marcos left behind very severe political and economic problems for President Aquino. It will take titanic efforts and time to solve these problems. At this particular time, Philippines needs the help and understanding of all our friends, especially the ones in our own region in Asia. It is hoped that China will extend financial and other assistance to the Philippines during the visit to Vice President Laurel. We will never forget a friend who helps us during our hour of need. There is a saying: A friend in need is a friend indeed.

[RB] Mr Ambassador, we know that you just arrived in Beijing and we want to know your impressions of the place.

[Yuchengco] I have visited Beijing several times since the liberation of China. The first visit was when the Philippines reestablished diplomatic relations with China in 1975. I again visited China in 1982 as president of Federation of Afro-Asian Insurers and Reinsurers. At that time, the federation was invited by People's Insurance Company of China to hold its executive committee meeting here. At that meeting, I had occasion to meet Vice Premier Yao Yilin, and I must say I was very impressed with Vice Premier Yao. In 1985, I returned for the general meeting of the Federation of Afro-Asian Insurers and Reinsurers. More than 750 people attended last year's meeting. The 1985 general meeting was also sponsored by the People's Insurance Company of China, and everyone had nothing but praise for the People's Insurance Company of China. Both in 1982 and 1985, I took advantage of the two trips to visit many other cities, including Guangzhou, Guilin, Hangzhou, Shanghai, Nanjing, Inner Mongolia, Lhasa in Tibet, and [word indistinct]. I remember in 1975, there was almost no cars in the streets and practically no foreign tourists. In 1982, I noticed an increase in number of cars and foreign tourists, but the increases in both cases were not substantial. I was flabbergasted in 1985 at the number of cars, television sets, and foreign tourists in China.

If I may be permitted to be very frank, I think one should control the number of tourists coming to China. One should not accept more tourists than there are available facilities. In 1985, I noticed that many tourists were sleeping in the lobby of hotels, and also many tourists were bumped off airplanes in spite of confirmed reservations. This does not create goodwill. I think although China imported too many cars and other luxury goods in the past 2 years, I understand the government is now correcting the situation.

One last point I would like to mention is the sanitary facilities available in Beijing. I think with the number of tourists coming here, it can stand some improvement, especially in the public tourist spots like the Great Wall, the Ming Tombs, etc.

[RB] Thank you very much, Mr Ambassador.

#### TALKS WITH PORTUGAL ON MACAO TO BEGIN 30 JUN

OW160818 Beijing XINHUA in English 0802 GMT 16 Jun 86

["Press communique" -- XINHUA headline]

[Text] Beijing, June 16 (XINHUA) -- The government of the People's Republic of China and the government of the Republic of Portugal have decided through consultations that the first round of talks on the settlement of the question of Macao be held on 30 June and 1 July 1986 in Beijing.

#### AUSTRALIA'S HAWKE EXPLAINS NUCLEAR ARMS STAND

OW081813 Beijing XINHUA in English 1733 GMT 8 Jun 86

[Text] Canberra, June 8 (XINHUA) -- Australian Prime Minister Robert Hawke today explained Australia's stand to the recent development of U.S. and Soviet attitudes toward the limitation of nuclear weapons.

Speaking at the Labor Party conference of the South Australian State, Hawke disclosed that he recently wrote to U.S. President Ronald Reagan to express Australia's concern over the U.S. intention to breach the arms limitations set out in the SALT II Treaty and wrote to Soviet leader Mikhail Gorbachev urging the Soviet Union in the strongest terms to demonstrate full compliance with existing agreements. He said that in a world where nuclear weapons exist, the main concern must be the avoidance of nuclear war.

Referring to the South Pacific Nuclear Free Zone Treaty, he noted that Australia associates itself with the common aspiration of South Pacific countries to prevent the testing, acquisition, production and stationing of nuclear weapons and the dumping of nuclear waste in the region.

Talking about the apartheid policy of the south African regime, he termed it a monstrously immoral system imposed by an armed and ruthless state apparatus on a largely defenceless black majority which continues to be denied the most elementary human rights. He said, his country will "support comprehensive mandatory economic sanctions (against the regime of South Africa) if the world community decides to apply them."

#### ZHU XUEFAN MEETS AUSTRALIAN PARLIAMENTARIAN

OW130824 Beijing XINHUA in English 0800 GMT 13 Jun 86

[Text] Beijing June 13 (XINHUA) -- Zhu Xuefan, vice-chairman of the National People's Congress Standing Committee, met with Ewen C. Cameron, member of the House of Representatives and whip of the Liberal Party in the Parliament of Australia, and Mrs. Cameron here today. The Camerons arrived here June 11 as guests of the Chinese People's Institute of Foreign Affairs and will travel to Xian, Kunming, Guangzhou and Shenzhen.

THIRD ROUND OF SINO-BHUTANESE BOUNDARY TALKS HELD

## Wu Xueqian Meets Delegation

OW131024 Beijing XINHUA in English 0952 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian today met with a Bhutanese delegation led by Tashi Tobgyel, which has taken part in the third round of Sino-Bhutanese boundary talks here yesterday.

Wu said the present boundary talks and the previous two rounds of talks all proceeded in an extremely friendly atmosphere. The important content of China's foreign policy is to persevere in developing the good-neighbourly relations with its neighbouring countries and keep to equality among nations, big or small, he added. There is no fundamental conflict of interest between the two countries and China attaches great importance to its good neighbourly relations with Bhutan, he said. He expressed the belief that the boundary question will be settled satisfactorily through friendly consultations in line with the principles of equality, mutual benefit and accommodation.

Wu Xueqian welcomed more Bhutanese friends to visit China.

Tobgyel acknowledged that there exist longstanding traditional friendship between Bhutan and China. The third round of the boundary talks was short but proceeded in a friendly and candid atmosphere, he added. He said his country welcomed the Chinese delegation to go to Thimphu for the next round of boundary talks at a time convenient to both sides. He also briefed Wu Xueqian on the achievements scored by Bhutan in developing its national economy through self-reliant efforts.

## Zhao Discusses Boundary Issue

OW141436 Beijing XINHUA in English 1425 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- Chinese Premier Zhao Ziyang expressed the hope today that the Sino-Bhutanese border will become a border of peace friendship.

Meeting a Bhutanese delegation here this afternoon, the premier expressed satisfaction with the third round of boundary talks in Beijing during which the Chinese and Bhutanese delegations exchanged views on the guiding principles for settling the boundary question in a frank and friendly atmosphere. He said, "It is China's sincere hope to settle the Sino-Bhutanese boundary question at an early date. Our boundary question is not so complicated and can be resolved easily."

Zhao expressed the hope that the two countries will make common efforts to find a solution satisfactory to both. China and Bhutan, he added, are friendly countries with no conflict of basic interests. China sets great store by its friendship with Bhutan, and will not interfere in Bhutan's internal affairs. He said he was glad to see increased contacts between the two countries in recent years and welcomed more Bhutanese friends to visit China.

Tashi Tobgyal, leader of the Bhutanese delegation to the boundary talks, said that during their stay in Beijing they felt that the Chinese Government is firmly following the five principles of peaceful coexistence, safeguarding peace and seeking development. He agreed that the two countries had no conflict of interests but a traditional friendship of long standing. The only problem they have is an undefined boundary, on which the two delegations had frank and friendly talks here. "We are looking forward to our talks in Thimphu next year," he added.

## Commuque Issued

OW141228 Beijing XINHUA in English 1156 GMT 14 Jun 86

[Text] Beijing, June 14 (XINHUA) -- A joint commuque on the third round of the Chinese and Bhutanese boundary talks was released here today.

Signed by the leaders of the two delegations, the commuque reads:

As decided at the second round of talks held at Thimphu (4-6 April 1985), the third round of bilateral boundary talks between Bhutan and China was held at the official level in Beijing from 12 to 15 June 1986. The delegation of the Kingdom of Bhutan was led by H.E. Lyonpo Tashi Tobgyal, ambassador extraordinary and plenipotentiary. The delegation of the People's Republic of China was led by H.E. Mr Liu Shuqing, vice-foreign minister.

The Bhutanese delegation had the honor to meet with H.E. Mr Zhao Ziyang, premier of the State Council of the People's Republic of China. H.E. Lyonpo Tashi Tobgyal conveyed His Majesty Jigme Singye Wangchuck, king of Bhutan's good wishes and greetings to H.E. Premier Zhao Ziyang. Premier Zhao Ziyang, reciprocating the sentiments of the king of Bhutan, requested H.E. Lyonpo Tashi Tobgyal to convey his greetings and good wishes to His Majesty Jigme Singye Wangchuck, king of Bhutan. The Bhutanese delegation also had the honor to meet with H.E. Mr Wu Xueqian, state councillor and foreign minister of the People's Republic of China.

The third round of talks was held in a most cordial and friendly atmosphere and on the basis of sovereign equality, mutual benefit and mutual accommodation. Both delegations felt that the talks had further enhanced the mutual understanding and the traditional friendship between the countries. They also reiterated their desire to maintain a peaceful and friendly border and expressed their keep determination to make every effort for an early settlement of the boundary question on the basis of the five principles of peaceful co-existence. The two sides expressed their satisfaction with the results of the talks.

The two delegations also had a useful exchange of views on international issues of mutual interest and concern and briefed on the efforts of their countries' economic development and commended the achievements made by the other side.

It was agreed that the fourth round of talks will be held around best [as received] part of the year 1987 in Thimphu. The precise dates for the meeting will be finalized after consultation between the two governments through normal diplomatic channels.

The Bhutanese delegation expressed their appreciation and gratitude to the Government of the People's Republic of China for the warm reception and gracious hospitality accorded to them during their stay in Beijing.

## Delegation Departs

OW160824 Beijing XINHUA in English 0739 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The Bhutanese delegation led by Tashi Tobgyel, left here for home by air today after attending the third round of Bhutanese-Chinese boundary talks.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN TRIP

HK140720 Beijing XINHUA Hong Kong Service in Chinese 1514 GMT 13 Jun 86

[Full text of 13 June speech by CPC Central Committee General Secretary Hu Yaobang at Congress of Industry and Commerce of FRG: "China Seeks To Develop Long-term Economic Cooperation With Europe" -- XINHUA headline]

[Text] Bonn, 13 Jun (XINHUA) - Hu Yaobang, general secretary of the CPC Central Committee, today delivered on invitation an important speech at the Congress of Industry and Commerce of the FRG. The full text of this speech, entitled "China Seeks To Develop Long-term Economic Cooperation With Europe," is as follows:

Mr Chairman,

Ladies and Gentlemen:

Thanks to the invitation of the Congress of Industry and Commerce of the FRG which gives me the opportunity to meet notable personages of the FRG economic circles today, first of all, would you, please, allow me to extend my heartfelt thanks to all the German friends who have made contributions to promoting the economic cooperation between our two countries.

Today, I would like to discuss with all of you the way of ensuring a steady and stable development of the economic cooperation between China on the one hand and the FRG and other Western European countries on the other, from now till the 21st century.

As all of you already know, it has been 7 years since China put into effect the policy of opening up to the outside world and expanding economic cooperation with foreign countries. Facts in the past 7 years have proved, as we had expected at the very beginning, that Western European countries are important partners for cooperation in economic development. By and large, gratifying progress has been made over the past few years in our economic cooperation with Western European countries, among which the FRG has always had the lead. And both of us are satisfied with the progress that has since been made. The fine economic relations between our two countries are reflected in many aspects. Here I would like to cite four points in particular:

First, bilateral trade has increased steadily without dramatic ups and downs. Over the years your country has always been China's number one trade partner in Western Europe. The FRG ranks third among other trade partners of China, next only to Japan and the United States. The total value of bilateral trade between China and the FRG in 1985 exceeded 3 billion, an increase of 38.8 percent over the previous year, and more than 11 times as much as 1972 when diplomatic relations were established between the two countries.

Second, the scope of cooperation is being increasingly broadened, and the ways of cooperation diversified. At present, the two countries have reached agreement on several hundred projects of economic cooperation, covering such fields as machine-building, chemical industry, civil engineering, coal industry, metallurgy, light industry, energy, communications, and transportation. The ways of cooperation are diversified, including cooperative production, compensation trade, joint venture, joint research and manufacture, export of labor service, and so on.

Not only has remarkable success been achieved in some large cooperative projects, a good start has also been made in cooperation with small-and medium-sized enterprises. Not only has the cooperation between the two countries at the federal or central level been constantly strengthened, exchange between provinces and states and between Chinese and FRG cities has also boomed. So far, 16 pairs of Chinese and FRG provinces, states, and cities have established partnership or friendly relationships, and positive results have also been scored in cooperation between the two countries in third countries.

Third, cooperation in science and technology is developing in breadth and depth. The two sides have concluded 37 agreements and protocols on large-scale scientific and technological cooperative projects. Some German companies have been transferring technology to China by the means of joint design and cooperation in production. The FRG Government and some non-governmental organizations have organized on their own or in cooperation with the Chinese government many training courses and training centers, of which the latest example is the Modern Industrial Technical Training Center to be set up in Tianjin. In recent years, your country has sent many specialists and scholars to give lectures in China, to serve as consultants, or to assume official posts. All of them have done an excellent job, among whom Mr Werner Gerich, director of a plant in Wuhan City, is the best-known representative. In addition, the federal government and business community of your country have provided China with quite a number of scholarships, and some 1,700 people from China are studying or received training in various parts of the Federal Republic.

Fourth, initial results have been achieved in developing assistance and cooperation projects. At the beginning of the 1980's, the FRG Government recognized China as a developing country and started to provide technical assistance to China. This has been going on smoothly. In addition, the FRG entered into financial cooperation with China last year. The funds involved in these two items are increasing year by year, playing a positive role in promoting cooperation in medium- and small-sized projects.

The economic cooperation between our two countries has developed in breadth and depth in the short span of only a few years. This is by no means accidental, but a result of many factors.

First of all, there is no conflict of fundamental interests between China and the FRG. The friendly relations between the two countries have been developing smoothly since the establishment of diplomatic ties in 1972. In the current international situation, we both need peace and hope to achieve common prosperity through our cooperation. The FRG would like to see a developed and strong China and China also wishes the FRG prosperity. The economic cooperation between the two countries has a solid political foundation.

Second, China is the largest developing country in the world and abounds in human and material resources and has a vast and expanding market, but lacks construction funds, advanced technology, and managerial expertise. The FRG, as one of the most developed countries in the world, has abundant capital, advanced technology, and rich managerial experience, but is in need of market and raw materials. The economic structure of the two countries makes it possible for them to complement each other and make up for each other's deficiencies and become good partners in long-term cooperation.

Third, persisting in implementing the policy of opening up to the outside world, China is actively seeking to expand economic and technological exchange and cooperation with foreign countries. Meanwhile, your country takes the stand of supporting China's opening-up policy, attaches importance to cooperation with China, and has made positive efforts. So, we happen to hold the same view.

Fourth, your country has two major favorable factors for developing cooperation with us: One is that it enjoys a good reputation among Chinese consumers for the good quality of its products, its reliable service, and its good faith in fulfilling contracts. Moreover, German workers, technicians, and engineers are widely acclaimed by the Chinese people for their conscientious attitude toward work and their high sense of efficiency. The other factor is that the FRG Government and business community have adopted an enlightened attitude toward technological transfer. Of course, if you can overcome the drawback of high prices, it will help add to the competitive edge of your products.

Although gratifying progress has been made in the economic cooperation between our two countries, I do not think that both countries will be content with the existing state of affairs. As I see it, there is still a vast potential for cooperation between our two countries. During our Seventh 5-year Plan, beginning this year, the total volume of China's imports and exports is expected to increase by 40 percent, reaching at least 83 billion by the year 1990. Use of foreign capital and acquisition of advanced technology will also expand in scope accordingly, with emphasis on resources development projects, infrastructural construction, such as energy and transport projects, and technological transformation of the machine-building and electronics industries. In all these fields, the FRG is strong and can achieve a great deal.

As far as prospects of economic cooperation are concerned, our friends present at this gathering may ask whether China can uphold its opening-up policy during a long period to come. I think that why people have such a question in mind is understandable.

It will be impossible for an economically backward country with a large population like China to become prosperous without a long-term struggle for several decades or even a century. For this reason, we set the long-term target of quadrupling our gross annual value of industrial and agricultural production by the end of this century, with the 1980 record as a base figure, and then approaching the economic level of developed countries after about 50 years of efforts.

To meet this target, it is imperative for us to resolve two major problems: first, the need to clearly establish the guiding ideology on the orientation and path of development, and to formulate a whole set of principles and policies suited to China's conditions; and, second, the need to obtain necessary funds, technology, and trained personnel.

Regarding the first problem, I can tell you with assurance, we have, through 7 or 8 years' exploratory work, found the road to build socialism with Chinese characteristics, or at least we have sketched an outline. China has begun to reform the old highly-concentrated economic structure which operates the economy by administrative means and is vigorously developing the planned commodity economy based on public ownership. The reform has already brought substantial benefits to the broad masses of people. The orientation of reform will remain unchanged. This year, our main task is to perfect and consolidate the reform measures that have already been introduced, and, from next year on, we will make greater strides in reform.

As for the second problem, I would frankly say it is still far from being solved. The development of a country depends mainly on its manpower and its intellectual, financial, and material resources. This is especially so for a big country with a population of 1 billion. Meanwhile, cooperation between countries is also indispensable. No country can proceed with modernization behind closed doors.

One of the important lessons we have learned is that China's economic stagnation and backwardness over the past 3 or 4 centuries were caused by prolonged, self-imposed seclusion. It is based precisely on this realization that we are determined to pursue the policy of opening up to the outside world for a long time to come.

Briefly, the main contents of China's opening-up policy in the economic and technological fields are: Expansion of imports and exports, utilization of foreign funds, acquisition of advanced scientific knowledge and technological know-how from abroad, learning advanced methods of enterprise operations and management, opening coastal cities, establishing special economic zones, and developing various forms of economic and technological cooperation. By the end of last year, China had utilized over \$20 billion of foreign funds and approved the establishment of over 2,300 Chinese-foreign joint ventures, more than 3,700 cooperative enterprises, and 120 enterprises with exclusive foreign investment. Of course, this is but a beginning.

Everything is hard in the beginning. Due to lack of experience, some faults are inevitable in the course of opening up to the outside world. And misunderstanding between us and some friends can hardly be avoided while we are summing up experience and correcting our mistakes. Here I can responsibly tell you the door China has opened will never be closed again. Should there be any "change" in our policy of opening up to the outside world, the change will be that the policy be improved further with less flaws and become increasingly conducive to economic cooperation and exchange.

All of you are experts in international economic operation. As to how to develop economic cooperation more successfully between China on the one hand and the FRG and other Western European countries on the other, we are always ready to listen to your views and suggestions. Here I wish to offer some ideas for deliberation.

First, we should uphold a farsighted viewpoint. In light of our past experience, we feel that both your government and the German economic community have shown a deep insight in viewing things. Undoubtedly, this is extremely important to the development of cooperation. China's modernization is a magnificent project which can only be accomplished through the efforts of several generations. There is no doubt that the scope of cooperation between China and foreign countries will keep expanding as long as the economy is developing. For the moment, however, the scope of economic cooperation cannot help but be subject to restriction by our limited resources. In some cases, we are just "unable to do what we want very much to do;" in others, the projects concerned may not yield substantial profits on the part of our partners for the time being. In order to maintain the momentum of stable development in the cooperation between our two sides for a long time to come, we should not judge the gains or losses, benefits or disadvantages on the basis of a short period or a single issue. What is necessary is to make decisions from a broad and long-term viewpoint. From the farsighted point of view, we hope that you and our other friends in Western Europe will practice a policy of larger sales at smaller profits in trade, adopt a more open attitude to technological transfer, and grant more favorable payment terms. The Chinese people attach importance to friendship and good faith. All foreign friends who sincerely cooperate with China will eventually bring about the prosperity and development of their own businesses, while helping China develop.

Second, we should adhere to the principle of equality, mutual benefit, and reciprocity. A striking problem currently existing in the economic relations between China and the FRG is that the Chinese side has more imports than exports, resulting in an increased trade deficit.

This has adversely affected our payment capability and limited expansion of our imports. We do not demand absolutely balanced trade, nor do we stand for a reduction in our imports to solve this problem. As a country with a vast territory, a large population, and rich natural resources, China is developing its economy with a view to meeting the people's evergrowing needs. Such a condition determines that our economy must always be domestic market-oriented. We expand exports with the aim of raising imports. Therefore, in expanding exports, we will not contend with you for your market but will help to expand your market. We sincerely hope that the German side will take positive measures to help China expand its exports, so that the relations of economic cooperation between the two sides will develop more smoothly.

Third, we should have patience and mutual understanding. China's social system is different from that of the FRG and other Western European countries, and there are also differences in various specific rules and in ways of doing things. Therefore, in dealing with each other, it is difficult to avoid things of one kind or another that may fall short of our expectations. I am not going to shield our shortcomings. At present, we lack experience in the implementation of the opening-up policy, we are undergoing the process in which the new system is replacing the old one, and, in addition, long-standing bureaucratic practices have not yet been removed. Therefore, dilatory style of work, disputes over trivial things, and poor working efficiency still exist. You must have had personal experience with these phenomena. Honestly speaking, I am even more discontented with such a status quo than you. And we are doing our utmost to improve the situation. Of course, in some cases, the blame should not be placed solely on us. Doing business involves the economic interests of both sides, and it is a general practice to get three different estimates when making a purchase. I think you must understand the knack in this more clearly than I. Under such tentative difficulties, if we are patient in long-term planning in the spirit of mutual understanding, we will surely find a way.

Fourth, we should try our best to explore various forms of cooperation. Different parts of China have greatly different circumstances and needs. In the wake of the reform, the decisionmaking power of provinces, cities, and enterprises has been expanded. Different states and enterprises of your country have their own strong points and; of course, they enjoy an even higher degree of decisionmaking power. Therefore, it is natural for us to develop cooperation in many forms, at multiple levels, and through multiple channels. Here I wish to point out in particular that we welcome entrepreneurs from your country and other Western European countries to make investments in China, including direct investments in our provinces, municipalities, and autonomous regions, and to establish joint ventures and run cooperative production projects with us. We also welcome you to establish plants with your exclusive investment. We welcome you to China, not only to start tertiary industry projects, but even more to exploit our natural resources and run manufacturing industries. In addition, we welcome you to do more to help us train qualified personnel and send a greater number of experts with real ability and learning to China to pass on their experience and knowledge. The great Chinese writer Lu Xun was correct in saying: "In fact there is no road in the world. Roads emerge because a lot of people have walked on them." I hope that you will make greater strides and further enhance your pioneering spirit. I am sure that the road will become broader and broader.

I have heard a German saying: "Friendship will be terminated as far as the money matter is concerned." The economic cooperation between China and the FRG will naturally involve money. However, both the Chinese and German people attach great importance to friendship, and their friendship promotes cooperation, while mutually beneficial cooperation can certainly bring about common prosperity, thus furthering friendship. I believe that you, our friends, agree with my view. Let us join hands more closely and make positive and concerted efforts to turn this beautiful prospect into reality. Thank all of you.

## Breakfasts With Genscher

OW131420 Beijing XINHUA in English 1353 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Visiting Chinese Communist Party General secretary Hu Yaobang had breakfast with Federal German Foreign Minister Hans-Dietrich Genscher at his residence of the Steigenberger Hotel this morning. In a cordial and friendly atmosphere the two sides exchanged views on the development of bilateral relations and international issues of common concern. Present on the occasion were also Chinese Vice Premier Li Peng, Vice Foreign Minister Zhou Nan as well as ambassadors of the two countries.

## Kohl Hosts Luncheon

OW131416 Beijing XINHUA in English 1355 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Visiting Chinese Communist Party Leader Hu Yaobang said here today that it is the Chinese peoples aspiration and the Chinese Governments steadfast policy to develop Sino-Federal German relations in all fields on the basis of long-term stability. "We are willing to make joint efforts with our Federal German friends to bring the friendly relations and coopertion between the two countries to a new and higher level," he said.

The general secretary of the Central Committee of the Communist Party of China made the statement at a luncheon hosted by Federal German Chancellor Helmut Kohl. The general secretary said he appreciated the chancellors remarks that people should not only think of the present generation but also the 21th century.

China and Federal Germany, Hu said, have enjoyed daily deepening friendly cooperation in political, economic, scientific and technical, cultural and educational fields since the two countries established diplomatic relations in 1972.

The general secretary listed the development of cooperation and exchanges between the two countries in the past few years and said that China and Federal Germany can go beyond their differences in social systems and ideologies with sincere aspiration to develop their cooperation on the basis of equality and mutual benefit.

The Chinese Communist Party leader is scheduled to hold talks with Chancellor Kohl and call on President Richard Von Weizsacker before he meets with representatives of the country's oppositions later today.

## Hu Speaks at Luncheon

OW140356 Beijing XINHUA Domestic Service in Chinese 1600 GMT 13 Jun 86

[Text] Bonn, 13 Jun (XINHUA) -- FRG Chancellor Kohl hosted a luncheon in honor of visiting General Secretary of the CPC Central Committee Hu Yaobang at the (Schallmburg) palace today.

The two leaders spoke on the occasion. Chancellor Kohl described Hu Yaobang's visit as a "bridge of friendship" between the peoples of the two countries. Traditional friendship exists between the two peoples, and bilateral relations have grown even more close since the establishment of diplomatic relations in 1972. Kohl said that the FRG regards China as "a very important and trustworthy partner" in the politital field.

Kohl said that, despite differences in social systems and historical conditions, the FRG and China share identical views on many political issues. He said that both sides "focus their foreign policies on consolidating world peace and stability," and that the "two governments call for the realization of the rights of self-determination of the Afghan and Cambodian peoples and the withdrawal of foreign troops from Afghanistan and Cambodia."

Kohl spoke highly of China's achievements in the economic reform and the open policy. He pledged to continue efforts to expand trade and step up economic and technological cooperation and cultural exchanges between the two countries.

In his speech, Hu Yaobang said that Sino-Federal German relations have entered "a new stage of all-round development" since the establishment of diplomatic ties in 1972. He said: "The emergence of such a gratifying situation in Sino-Federal German relations is not accidental. It is because neither conflict of fundamental interests nor pending historical problems exist between our two countries. What is more important is that the two countries have gone beyond their differences in social systems and ideologies in treating each other with sincerity and on friendly terms, and expressing the aspiration to develop cooperation on the basis of equality and mutual benefit." He said that it is the Chinese Government's steadfast policy to develop cooperative relations with the FRG in all fields on the basis of long-term stability.

Turning to the international situation, Hu Yaobang reaffirmed China's support for the FRG's efforts to safeguard peace in Europe and the world as a whole, promote unity and build up the strength of Western Europe, increase contacts with Eastern Europe, push for multipolarization of the world, and enhance friendship and cooperation between peoples of different countries. China is willing to further strengthen cooperation with the FRG in international affairs, he said. The fundamental goal of China's policy, he reiterated, is to oppose hegemonism, safeguard world peace, develop friendly cooperation with other countries, and promote common prosperity.

This morning, General Secretary Hu Yaobang had breakfast with Federal German Foreign Minister Genscher, during which they had a cordial talk.

Hu Yaobang delivered a speech at the German Congress of Industry and Commerce, entitled "China Seeks To Develop Long-term Economic Cooperation with Europe."

Hu Yaobang also held talks with Kohl today. They exchanged views on international issues of common interest, and bilateral relations. Afterwards, Hu Yaobang gave a press conference.

#### Further Remarks by Hu

OW131513 Beijing XINHUA in English 1428 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Chinese party leader Hu Yaobang said here today that through sustained efforts of the world people an enduring peace could be won. Speaking at a luncheon hosted by Federal German Chancellor Helmut Kohl, General Secretary Hu said although the arms race of the superpowers is still continuing while regional conflicts have increased, factors checking the war and forces safeguarding peace are daily growing.

The fundamental goal of China's foreign policy, he reiterated, is to oppose hegemonism, safeguard world peace, develop friendly cooperation with other countries and promote common prosperity.

He noted that China shares with Federal Germany converging or similar views on many major international issues and hopes to further strengthen their cooperation in world affairs. He appreciated two German nations aspiration to live in peace and increase mutual understanding. Hu said China supports efforts in developing exchanges between Eastern and Western Europe for the purpose of promoting a united and strong Europe and safeguarding peace in Europe and the world so as to make the world develop in the trend of multi-polarization.

#### Kohl's Luncheon Remarks

OW131535 Beijing XINHUA in English 1449 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Federal German Chancellor Helmut Kohl today said the relations between Federal Germany and China "are advancing on the sound track." Speaking at a luncheon given by him in honor of visiting General Secretary Hu Yaobang, Kohl said, the development of the relations that Federal German and Chinese statesmen are conscientely [as received] and firmly promoting, will have an impact on the future relations in the next country.

Since 1972, the maintenance of diplomatic relations between the two countries has benefited both sides and extended close ties advantageous to either side, Kohl said. "We describe China as a very important and credible partner in the political field," he said. Kohl held that China and Federal Germany always have identical views on political comments, benefits involving both sides and fixing of the objectives.

In order to keep up the cooperation for peace, Kohl said, Federal Germany and China are against acts injuring international peace order. The Federal German and Chinese Governments call for the realization of the rights of self-determination of the Afghan and Kampuchean peoples and the withdrawal of foreign troops from Afghanistan and Kampuchea, Kohl said.

Citing achievements in the smoothly cooperative relations, Kohl said that the economies of our two countries are complementary to each other. This complementarity [as received] has laid a basis to the development of the bilateral economic relations and also provides broad prospects in this regard, he added. It is a primary task for statesmen to point out a way to make people closer, he said, adding that "we are advancing on the sound track."

#### Hu, Kohl Hold Talks

OW131809 Beijing XINHUA in English 1802 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, held two rounds of talks with Federal German Chancellor Helmut Kohl here today. A spokesman for the Chinese Foreign Ministry told reporters that the two leaders exchanged views on exchange and cooperation between the two countries in the fields of politics, economy, science and technology, education and culture.

The spokesman said both sides were satisfied with the development of bilateral relations over the past few years and agreed that the two countries should consider their cooperation from a long-term point of view. He said the two leaders also discussed international issues of common interest and they shared identical or similar views on the issues. Chinese Vice-Premier Li Peng attended the talks.

## Hu Gives Press Conference

HK140330 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1816 GMT 13 Jun 86

[Text] Bonn, 13 Jun (ZHONGGUO XINWEN SHE) -- Before answering reporters' questions at a news conference in Bonn this afternoon, CPC Central Committee General Secretary Hu Yaobang said that as a result of his 2 short days of visits to Bonn and other places, "I feel profoundly that Sino-German friendship has gone deep into people's minds." "There are great and extremely broad prospects for friendship and cooperation between our two countries, which is based on mutual respect, equality, and mutual benefit."

Hu Yaobang then proceeded to answer reporters' questions. Vice Premier Li Peng and Vice Chairman Fei Xiaotong attended the news conference.

German radio reporter: Did you discuss with the chancellor the Chernobyl nuclear power station accident and the deployment of Soviet guided missiles on China's borders?

Hu Yaobang replied: There was a slight mention of nuclear cooperation. We exchanged some views on the Chernobyl nuclear power station accident. We did not discuss this time the deployment of Soviet guided missiles on China's border. Our friends are very concerned for China to promote safety cooperation with various countries in its nuclear power development. I will ask Vice Premier Li Peng to speak on this matter.

Li Peng: China's nuclear power station construction effort has only just started. (Hu Yaobang: We do not have a single station at present.) Not one is in operation. This provides a condition for us: We can seriously absorb the lesson of the Chernobyl nuclear power station accident in the Soviet Union and can build our stations a bit better. The technology now being adopted by China is also completely different from that at Chernobyl; it is relatively mature technology in which operational experience has been acquired over a long period. China has abundant coal and water conservancy resources, and so we will not rely solely on nuclear power stations to solve our electric power problem. We are welcome to undertake extensive cooperation with a number of countries on the question of nuclear power station safety.

Reporter Li Wai-hing of the Hong Kong TA KUNG PAO asked: some FRG newspapers publish commentaries today saying that General Secretary Hu has made great contributions on two issues: 1) He has spurred the lowering of the average age of the CPC's cadres and brought a large number of young and relatively well-educated cadres into the center of power. 2) He has enabled China's intellectuals to enjoy relatively great freedom again, including freedom in literature and art creation. Would General Secretary Hu kindly give his views on these two matters?

Hu Yaobang: I have made some contribution on these two matters and also on some other issues, but these could not be called great contributions.

Regarding the effort to make our cadre structure younger and better educated, the current state of progress is roughly as follows: There are about 10 million party and state cadres. Over 2 million have already retired due to overage. About 2 million have been promoted from among young people (including middle-aged and young), who have relatively high standards of education and knowledge. This business has not yet been completed, and further readjustment is necessary. I estimate that by the time of the 13th party congress next year, several hundred thousand more will have retired or been promoted.

On the question of policies regarding intellectuals, during several decades of history there were periods when we acted correctly and relatively well, and there were also periods when we made mistakes. In the 1930's, at Chairman Mao Zedong's proposal, the CPC issued a resolution on recruiting large numbers of intellectuals and correctly treating the intellectuals. It can be said that in the 20 years from the 1930's to the 1950's, our policy toward the intellectuals (including writers, artists, and scientists) made them very satisfied. Then, for nearly 20 years, beginning probably in 1957, we made mistakes in treating the intellectuals, and it could be said that we made serious mistakes. Beginning 7 years ago -- that is, since the 3d Plenary Session of the 11th CPC Central Committee, we have not only resumed our correct methods of the past but have also developed and enriched the policies toward the intellectuals. I can say in a responsible way that 95 to 98 percent of the intellectuals are satisfied. Professor Fei Xiaotong, who is with us today, is a Chinese intellectual, and if you like you can ask him to confirm this.

A reporter from a private West German radio station asked: China desires to strengthen its economic relations with Europe. Does China have special desires in this respect regarding the FRG?

Hu Yaobang: We desire to develop friendship and cooperation in the economic field with all countries in the world on the basis of equality and mutual benefit. Chairman Deng Xiaoping has said that our foreign policy is to open up the countries of the West, to the socialist countries, and also to the Third World. Western Europe, and especially the FRG, is one of the countries to which we pay particular attention [sentence as received]. This is because they have fine technology and product quality and relatively good service quality. Both sides strongly desire to cooperate.

Reporter of West German radio: Many German enterprises want to invest in China, but they need certain security guarantees. They would like to know if China's open policy can be sustained.

Hu Yaobang: Foreign investment in China in recent years has amounted to \$16 billion. The United States ranks first in this investment. We will not violate the principle of mutual benefit. If certain foreign businessmen are still worried, they should take another look; we have signed investment protection agreements with many countries.

A VOA reporter said: In your talks with Foreign Minister Genscher, did you agree with the views of the FRG on the questions of Afghanistan and Cambodia?

Hu Yaobang: I mentioned our views on the Afghan and Cambodian questions. Herr Genscher did not express views different from mine, nor did he mention the FRG's policies on these matters.

A reporter of the Hong Kong WEN WEI PO: Some people say that China has decided to store West German nuclear waste in exchange for West German technology. Is there any new development in this matter?

Li Peng: China is not prepared to accept any country's nuclear waste for storage in China.

Reporter of the Voice of Germany radio: You just said that one or two countries have similar or identical views on many issues. Does this issue the question of disarmament, and evaluation of the latest Soviet disarmament proposals?

Hu Yaobang: We had a simple exchange of views on the disarmament issue without discussing it in depth. On this issue, China has consistently advocated that the big powers should take the lead, especially the big nuclear powers. China will certainly not lag behind. I did not talk about how we had reduced the number of our forces by 1 million all at once.

Reporter of TIME: Many problems have cropped up in the modernization drive, such as inflation together with unhealthy trends, corruption, embezzlement, and so on in China. Mr General Secretary, how do you propose solving those problems?

Hu Yaobang: The range of price rises in China last year was a bit high, but I do not think it could be called inflation. We have controlled things too rigidly as regards prices over the past several decades, and this was not beneficial for economic reform. Our previous methods of pricing things protected backward products. There has been no wavering in our resolved for reform. However, the speed of reform will slow down a bit this year and next.

A reporter of the SUNDAY TIMES of Nigeria: Did you discuss the U.S. Strategic Defense Initiative plan with Chancellor Kohl?

Hu Yaobang: No. We are not in favor of an arms race in space, but we are in favor of developing the peaceful use of sophisticated space technology.

Meets FRG President Weizsacker

OW131829 Beijing XINHUA in English 1822 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, visiting general secretary of the Central Committee of the Communist Party of China, met with Federal German President Richard Von Weizsacker at the presidential residence here this afternoon. The two leaders exchanged views on matters of common concern, Chinese sources said.

The Federal German president expressed this satisfaction with close ties between Federal Germany and China. General Secretary Hu expressed his good impression during the visit to Federal Germany and briefed the president on the situation of economic development and reform in China.

Earlier this morning, Hu had working breakfast with Federal German Vice-Chancellor and Foreign Minister Hans-Dietrich Genscher in Steigenberger Hotel where he stays. They exchanged views on bilateral relations and international issues of common concern at the breakfast.

Meets Green Party Members

OW140008 Beijing XINHUA in English 2344 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, the visiting Chinese Communist Party general secretary, met Uli Fischer, Green Party member of Bundestag, and other representatives of the Green Party this afternoon in the hotel where he stays. They had an exchange of views in a friendly atmosphere on world peace, ecology, nuclear energy and some other issues of mutual interest.

Hu said that as far as the maintenance of world peace and ecological balance is concerned, both sides share quite a few similar or identical points of view, notwithstanding some different opinions on certain problems.

Fischer told Hu that the Green Party is prepared to have some discussions with the Chinese Communist Party on their inter-party relations. Hu made it plain that the Communist Party of China is ready to have contacts and develop relations with all the political parties and groups which intend to have such relationship.

Present at the meeting on the Chinese side were Zhu Liang, head of the International Liaison Department of the Central Committee of the Communist Party of China, and Zhou Nan, vice minister of foreign affairs.

#### Roundup of Munich Activities

OW150725 Beijing XINHUA in English 0641 GMT 15 Jun 86

[**"Roundup: Hu Yaobang Warmly Welcomed in Munich"** -- XINHUA headline]

**[Text]** Munich, June 14 (XINHUA) -- Visiting Chinese leader Hu Yaobang today received a warm welcome from the well-wishers of Bavaria when he arrived in Munich, the capital of the southern Federal German state which has developed close relations with China.

Several hundred people were waiting spontaneously in front of the City Hall, when the Chinese Communist Party general secretary arrived there this afternoon. He embraced a three-year-old girl, who ran out of the crowd to greet him.

What a pity it was, Hu said later to Mayor Georg Kronawitter, that he couldn't speak German to her. "It may be too late for me to learn a new language, but I would like to have my grandchildren learn your fine language from those Chinese students who are now studying in your city."

In the evening, speaking at a banquet held in his honor by Minister-President of Bavaria Franz-Josef Strauss, Hu reiterated that the expanding cooperation between China and Europe will undoubtedly make a greater contribution to safeguarding world peace and stability.

Hu also praised Minister-President Strauss for his far-sightedness on international issues. He noted that even in the early 1970s, Strauss had claimed that the days of superpower-domination in handling world affairs were over. He had called for the development of Sino-Federal German relations and for a more active Sino-West European joint role in handling world affairs.

"In Europe," General Secretary Hu said, "important progress has been made towards a united and strong Western Europe" while at the same time Eastern and Western Europe are increasing diplomatic exchanges. The present situation has proved, and will continue to prove, that a united and strong Europe is an important force in safeguarding world peace, he added.

Hu said he was very pleased to be in Munich because Bavaria has very close relations with China. In the past decade, Strauss has visited China three times and Bavaria has forged a partnership with China's Shandong Province and held a single-state economic exhibition in Qingdao. He assured Strauss that relations between China and Federal Germany will grow with long-term stability.

In his welcoming speech at the dinner, Strauss reaffirmed his deep conviction that a strong and independent China constitutes a factor of stability and peace in east Asia and in the world at large. Strauss, who met late Chairman Mao Zedong and Premier Zhao Enlai during his first visit to China in 1975, also expressed his satisfaction between China and Federal Germany and Bavaria in particular in the past decade.

Hu arrived in Munich after enjoying a boat-trip on the Rhine from St. Goarshausen to Bingen. Flanked by forests, vineyards and imposing fortresses, that part of the Rhine is regarded as the most beautiful of the 1,320-kilometer-long river.

Earlier today in Bonn, Hu met for a second round of talks with Social Democratic Party chairman Willy Brandt, who with Chancellor Helmut Kohl invited the Chinese leader to Federal Germany. Hu arrived in Bonn Thursday for a four-day visit after a trip to Britain.

Both leaders expressed satisfaction with the exchange of visits and cooperation between the two parties since Brandt's visit to China two years ago and explored ways to further develop friendly relations between two countries. They also exchanged views on relations between Eastern and Western Europe and other international issues of common concern.

Tomorrow, Hu is to visit an agricultural institute and a Barvarian farmer family in the suburbs of Munich before leaving for France to continue his four-nation European tour. He will also travel to Italy.

#### Visits Animal Hubandry Center

OW152036 Beijing XINHUA in English 1952 GMT 15 Jun 86

[Excerpt] Munich, June 15 (XINHUA) -- Chinese Communist Party leader Hu Yaobang, "impressed" by the developed animal husbandry here, said today there are "bright prospects" for further cooperation between China and Federal Germany in this field. This morning, Hu visited an animal husbandry research center in the suburbs of Munich. The center, the largest of its kind in the country, provides services to farmers including information delivery and disease prevention. The center also helps train personnel from other countries people from 17 nations, including China, are studying at the center.

During his visit, Hu said that he hoped the Chinese trainees would play an important role in developing China's animal husbandry when they return to China. The general secretary also expressed the hope that growth of the sheep and cattle population in Federal Germany and China would increase. Bavaria has a long history of animal breeding, about 90 percent of farmers there engage in animal husbandry.

Later, Hu visited a small village and spoke with a farmer in his home. Afterwards, Hu had his luncheon at a lake-side hotel where, sipping a mug of Bavarian beer, said it is one of the best in the world.

In the afternoon, Chinese Vice-Premier Li Peng discussed expansion of technical cooperation with Carl H. Hahn, chairman of the board of directors of the Volkswagen Company, Karl Heinz Kaske, chairman of the board of directors of the Siemens Company, and the chairman of the Federal German airline, Lufthansa, Heinz Ruhau.

## French Officials Welcome Visit

OW140752 Beijing XINHUA in English 0709 GMT 14 Jun 86

[Text] Paris, June 13 (XINHUA) -- French officials say Chinese Communist Party leader Hu Yaobang's upcoming visit to France is "very important" and marks a "great stage" in the development of Franco-Chinese relations. Hu, general secretary of the Central Committee of the Communist Party of China, is scheduled to arrive Monday for a four-day official visit to France. He is now in Federal Germany on the second leg of his current four-nation European trip, which has taken him to Britain and will end in Italy.

In an interview with XINHUA Friday, an Elysee Palace official, who asked not to be named, said French leaders hope to see new developments in relations between the two countries, which were established by the late leaders Charles de Gaulle and Mao Zedong in 1964.

President Francois Mitterrand, said an Elysee spokeswoman, pays "particular attention" to the Franco-Chinese relations. Since Mitterrand's China visit in 1983, bilateral relations have been strong, she said.

The two countries have similar views on major international events, but that is not enough, and President Mitterrand is anxious for concrete results in bilateral relations, the spokeswoman continued. She expressed the hope that political consultations between leaders of the two countries would be as wide-ranged and deep as possible. Franco-Chinese trade has increased considerably, and is likely to increase even further following several important contracts signed in 1985. France will import more goods from China, the Elysee spokeswoman said.

An information official from the prime minister's office said the long history of Chinese civilization has "great attraction" to Prime Minister Jacques Chirac, who is interested in many aspects of Chinese culture.

Meanwhile, Francois de Villepin, president of the France-China committee, told XINHUA in an interview Friday that Hu's visit will strengthen China's links with France and Western Europe at large. He said General Secretary Hu's current European trip would help further improve China's economic and trade relations with West European countries. De Villepin said he hoped China's policy of opening to the outside world would continue but also strengthens its trade links with the West.

Three days before Hu's arrival, Paris is gearing up to give a warm welcome to its Chinese guest.

[BEIJING REVIEW on Hu's Tour]

OW131351 Beijing BEIJING REVIEW in English 9 Jun 86 p 4

[Article by Mu Youlin: "Hu Makes First Tour of Western Europe"]

[Text] Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, will leave on June 9 for Britain, Federal Germany, France and Italy, the first official visit to Western Europe by a Chinese top leader in this capacity. Hu's tour is an event of far-reaching significance in the history of China's relations with Western Europe. It heralds a new stage in China's friendly cooperation with these countries.

Although their social systems and ideologies differ, China and Western Europe do not have conflicts of fundamental interest, nor are there any major obstacles to the development of their relations. Rather, they have the common goals of safeguarding world peace and further developing their own economies. They also share other interests and common ground on many major international issues.

Both China and Western Europe sustained heavy losses during World War II. This common experience explains why neither wants to see war again. Both China and Western Europe are conscious of the heavy responsibilities of safeguarding world peace and stability. Both hope to see an improved East-West relationship. Both are working for the relaxation of international tension and oppose the arms race.

China's independent peaceful foreign policy and its refusal to form an alliance with any powers or groups of powers have contributed to world peace and stability. Western Europe is seeking to grow stronger through unity and is developing a "European consciousness."

China maintains that a united, powerful Western Europe is beneficial to Europe's security and stability and vital to world peace. China hopes Western Europe will continue its efforts for unity and will exert a still greater influence on world affairs. Western Europe in turn holds that a powerful and prosperous China is a balancing force in the world and poses no threat to Western Europe, but rather promotes Western Europe's independent development. Both are against power politics and advocate that countries large, medium or small should equally play their roles in world affairs and spur the world towards multi-polarity.

China, as the largest developing country with rich resources and a vast market, is pressing ahead with its modernization programme on an unprecedented scale. Western Europe, where industrially developed countries are concentrated and which possesses advanced technologies and abundant funds, is working to invigorate its economy and develop its sophisticated technologies. Each having its own economic advantages, China and Western Europe can complement each other, and should be partners rather than competitors. In the past few years, China's open policy has sparked the interest of Western Europe, and the prospects are bright for economic and technological cooperation between Western Europe and China.

In brief, China and Western Europe share the same or similar interests in politics and economics, and each has the desire to develop long-term and stable relations of friendship and cooperation, relationships which have a solid political foundation and favourable objective conditions. Such cooperation has had a good beginning and its potential for development is great.

General Secretary Hu Yaobang visits four West European countries with the desire to promote mutual understanding, strengthen friendship, expand cooperation and defend peace. While in these countries, he will exchange views with government and Party leaders of the four nations on international issue of common interest and the further development of bilateral relations. He will also travel places in each of these countries, meet local people and acquaint himself with the achievements and experience gained by these countries in various fields. It is hoped Hu's visit will strengthen mutual understanding on major issues, promote friendship between the peoples of China and Western Europe, and boost cooperation and exchanges in the economic, technological, cultural and scientific fields. The visit is not only in the interest of the peoples of China and Western Europe, but will also help uphold world peace and stability.

BUDAPEST TV INTERVIEWS WU XUEQIAN ON ECONOMIC REFORM

LD122302 Budapest Television Service in Hungarian 1955 GMT 12 Jun 86

[Interview with PRC Foreign Minister Wu Xueqian in Budapest by unidentified reporter; Wu Xueqian's answers in Chinese with superimposed Hungarian translation; from the "Panorama" program; date not given -- recorded]

[Text] For decades there has been no PRC foreign minister in our country. To be more precise, not since the 1957 visit by the great statesman Zhou Enlai. Now, since a decisive improvement has taken place in relations between Hungary and China and the relationship has become cordial, Foreign Minister Wu Xueqian, who is also a member of the CPC Politburo, has paid an official visit to our country. He was also received by Janos Kadar who spent nearly 2 hours with him. Minister Wu spoke in very warm terms about this meeting in the interview he gave to us. We will now quote other extracts from this conversation.

[Reporter] We here in Hungary are occupied with reforming our economy. We know that a large-scale economic process is going on in your country too. From our own experiences we know that at such times there are positive results, but negative developments also occur. How do you see these issues connected with the economic reform in the Chinese context?

[Wu Xueqian] Our economic reform has been going on for 5 or 6 years now. In the Seventh 5-Year Plan which is just starting we want to continue this reform further. We can say that in its phase so far reform has achieved major results in the villages. In the Seventh 5-Year Plan we basically want to realize this general economic reform in the towns. One of the objectives of our reform is to revive our country's economic life; to make it possible for our country -- as the result of a struggle over several decades -- to become a modern socialist country with Chinese characteristics. In the course of the reform we are sticking to two directives. One is that we keep to reform steadfastly and firmly; in other words, we want to carry out the reform whatever happens. On the other hand, it is also important that in introducing concrete reform measures we should advance with circumspection and deliberation. If we come up against difficulties in the course of reform, if problems of one kind or another emerge, then we must sum up our experiences in time and make the necessary corrections.

[Reporter] What are the difficulties and the problems which you were so kind as to mention?

[Xu Xueqian] Our main problem is we have not yet fully carried out reform. Therefore, we are in a situation where the new and the old economic mechanisms are in force simultaneously. When in the course of reform, certain problems such as price movements occur, then both the new and the old mechanisms find expression.

[Reporter] Could you please give us more concrete details about the difficulties and problems that have arisen since reform began?

[Wu Xueqian] If we want to be specific, there are a great many. Prime Minister Zhao Ziyang mentioned these in his report. I will give some specific examples. One of the most important tasks we must perform today is handing down spheres of authority. We must achieve independence at our enterprises in the real sense of the word; they should dispose of their own profits, bear their losses themselves, and should be able to act independently in issues affecting the enterprise's work of economic production.

Apart from this the central plan directions must be replaced by plans which are in the form of a briefing. We must change the state of affairs where we centralized everything too rigidly. These are the most important problems which we must face today in the course of the general reform.

XINHUA ANALYSIS VIEWS WARSAW PACT PROPOSAL

OW131608 Beijing XINHUA in English 1554 GMT 13 Jun 86

[ "News Analysis: The New Disarmament Proposal From Budapest Summit" -- XINHUA headline ]

[Text] Beijing, June 13 (XINHUA) -- It is not a bad time for the Soviet Union and its allies to make disarmament proposals: U.S. President Ronald Reagan is vowing to pull out of the SALT II Treaty, making many of his friends wonder how committed he is to arms control.

Now that leaders of the seven-member Warsaw Pact closed their two-day summit in Budapest with a major East-West troop reduction proposal, the United States and its NATO allies will have to sit down to scrutinize this arms reduction appeal before penning their own versions.

The Warsaw Pact proposal, which calls for an East-West troop reduction of 100,000 to 150,000 soldiers for each side over the next one or two years and a 25 percent cut in troop strength by the early 1990's, appears to be more dynamic than earlier proposals. It contained details of a general reduction call made by Soviet leader Mikhail Gorbachev on April 18 when he addressed a Democratic German Communist Party congress, and suggested a clear timetable for the reductions.

The Warsaw Pact also broadened its former stand on disarmament by agreeing to verification measures for arms reduction, including on-site inspection of disarmament and troop reduction efforts.

The issue of verification has long been a sticking point in the sterile Vienna negotiations of the past 13 years.

In NATO's eye, however, the latest initiatives -- which may to some extent reflect the wishes of Europeans who do not want to see an armed confrontation between the world's two biggest military blocs -- would squeeze the U.S. Armed Forces out of Europe while maintaining a strong Soviet military presence there.

It is evident that the proposed equal troops cuts for both NATO and the Warsaw Pact would leave the Soviet Union with an advantage because the number of troops the Soviet Union now has stationed on the continent is much larger than that of the United States.

The United States has about 300,000 servicemen in Western Europe, but in Democratic Germany alone the Soviet Union has the same number of soldiers.

NATO may also consider it disappointing that the proposal failed to mention medium-range missiles stationed east of the Ural mountains when it offered to withdraw the Soviet rockets installed in Democratic Germany and Czechoslovakia in exchange for the U.S. dismantling of its medium-range missiles in Western Europe.

Washington has repeatedly stated that any deal on missiles in Europe should bring into account Soviet medium-range nuclear weapons based in Asia because these weapons may easily be moved into Europe in case of emergency.

But despite all these differences, the proposal may signify a step toward reaching some kind of agreement, particularly in areas like verification.

NATO quickly responded to the proposal, saying the reduction plan is "welcome," and refrained from calling it a propaganda ploy.

Western European countries are expected to probe further what they may think are constructive points in the proposal by the Warsaw Pact, which groups the Soviet Union, Czechoslovakia, Bulgaria, Hungary, Poland, Democratic Germany and Romania. However, whether the proposal can break the decade-old deadlock of East-West disarmament talks remains to be seen.

One think is sure, however: the proposal will put more pressure on the U.S. Administration for action on disarmament as major NATO members, including Britain, have expressed opposition to the U.S. decision to scrap the 1979 U.S.-Soviet Strategic Arms Limitation Treaty (SALT II).

#### WAN SHAOFEN LEADS CPC GROUP TO ROMANIA, SFRY

OW120732 Beijing XINHUA in English 0638 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- A Chinese Communist Party workers delegation left here this morning to make friendship visits to Yugoslavia and Romania.

The delegation, led by Wan Shaofen, secretary of the Jiangxi Provincial Committee of the Chinese Communist Party, is to visit the two countries at the invitation of the Central Committee of the League of Communists of Yugoslavia and the Central Committee of the Romanian Communist Party.

#### PRC, CSSR SIGN ECONOMIC COOPERATION ACCORD

OW131433 Beijing XINHUA in English 1403 GMT 13 Jun 86

[Text] Prague, June 13 (XINHUA) -- China and Czechoslovakia will further expand their economic cooperation under an agreement signed here Thursday.

Lu Dong, Chinese minister in charge of the State Economic Commission, and Vladimir Janza, Czechoslovak vice chairman of the State Planning Commission, signed the document.

During his week-long stay here, Lu discussed bilateral economic relations with premier Lubomir Strougal and other Czechoslovak officials. Both sides expressed the desire to further economic and technological cooperation between the two countries.

The Chinese minister left Prague for home today.

CONDEMNATION OF SOUTH AFRICA'S STATE OF EMERGENCY

OW131034 Beijing XINHUA in English 1016 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- China today condemned Pretoria for declaring "the state of emergency" in South Africa yesterday on the eve of the South African people's commemoration of the 10th anniversary of the Soweto carnage.

The Chinese Foreign Ministry said in a statement: "The Chinese Government and people express their deep indignation and strongly condemn the South African authorities for the barbarous act of intensifying their racist rule and suppressing the South African people."

"The Chinese Government and people will as always, unwaveringly side with the people of South Africa and give them continued support in their just struggle until their victory," the statement said. It said that Pretoria will never succeed to stamp out the flames of the struggle against apartheid of the people in South Africa.

AFRICAN DIPLOMATS SEEK GUARANTEES FOR STUDENTS

HK111009 Hong Kong AFP in English 0957 GMT 11 Jun 86

[Text] Beijing, June 11 (AFP) -- A committee of African diplomats here is to ask the Chinese authorities for guarantees that African students will be protected in future, following a clash between African and Chinese students at a northern university. "The sole aim of this committee is to obtain guarantees from the Chinese authorities on the protection of African students, so that they can return peacefully to their respective universities," one African diplomat told AGENCE FRANCE-PRESSE Wednesday. "Our aim is not to declare war on the Chinese authorities," he added. The diplomats said that the committee had asked to meet with Chinese authorities, but had yet to receive a reply.

The committee was formed following a five-hour clash between African and Chinese students at the northern university of Tianjin May 24 after a party held by the African students. Some of the African students fled to Beijing after the incident, when Chinese officials warned that Chinese students planned to attack them again.

Some 300 African students staged a street protest in Beijing Friday to protest "the racist aggression" which they said they had suffered. The following day, the Chinese authorities said that the African students were to blame for the Tianjin clash, as they had started it by throwing bottles at Chinese students who asked them to make less noise. The Chinese students responded with bricks and bottles, and a five-hour exchange of stones and glasses followed, Chinese officials said.

The African students rejected this account, and said that they were the victims of a "premeditated racist attack."

The African diplomats' committee was formed after the Tianjin clash, but before Friday's demonstration, during a regular informal three-monthly meeting attended by all African diplomats posted here, one of them said Wednesday. Several African students at Beijing's language institute have refused to attend classes since the Tianjin incident, students told AGENCE FRANCE-PRESSE.

An Education Ministry representative Saturday pledged to ensure the students' safety if they returned to Tianjin, and to provide a new site reserved for foreign students by the beginning of August. But the students were not sufficiently reassured to agree to return, student sources said. There are some 3,500 foreign students in China, about half of them from Third World countries, mostly Africa, according to Chinese figures.

#### Dissatisfied With Results

HK130926 Hong Kong AFP in English 0916 GMT 13 Jun 86

[Text] Beijing, June 13 (AFP) -- African diplomats failed in a bid to get guarantees from Beijing on the protection of African students in China after a recent clash at a northern university, an African diplomat said here Friday.

"No progress has been made and African diplomats are dissatisfied at the lack of results" of a first meeting Wednesday between a committee of African diplomats and Chinese authorities, the source said. The committee was set up last week to press for guarantees on the protection of Africans studying in China in the wake of a five-hour clash between African and Chinese students at a university last month.

On May 24, several hundred Chinese students besieged a group of foreign students, mostly Africans, at a university in Tianjin, 75 miles (120 kilometers) from the capital. The African students said they were the victims of a premeditated racist attack, but Chinese authorities denied there was any racist element and blamed the Africans for provoking the fight.

A Foreign Ministry spokesman said Friday that during the meeting between the nine African diplomats and Assistant Foreign Minister Zhou Jue, everyone agreed that "the unpleasant incident that happened in Tianjin is an isolated one and will in no way affect the friendship and friendly cooperation between China and Africa."

The spokesman said the two sides "expressed their confidence that both the Chinese students and African students will take to heart the friendship between China and Africa, show understanding and exercise restraint so that the incident will be settled promptly and properly."

The African diplomat added that the Chinese officials agreed during the meeting to meet a delegation next week of 36 African students, one from each African country represented in China.

There have been several incidents between Chinese and African students, including a clash in Shanghai in 1979 which left several people injured.

#### ZAIRIAN STATE COMMISSIONER CONTINUES VISIT

OW101126 Beijing XINHUA in English 1117 GMT 10 Jun 86

[Text] Hangzhou, June 10 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, and his party were welcomed at a banquet given by Xue Ju, governor of Zhejiang Province, here this evening. The Zairian visitors arrived here from Beijing earlier today in the company of Chinese Minister of Labor and Personnel Zhao Dongwan. They went boating on the West Lake and visited some other scenic spots and a factory in the afternoon.

**Bird's-Eye View of Shanghai**

OW111220 Beijing XINHUA in English 1205 GMT 11 Jun 86

[Text] Shanghai, June 11 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, and his party visited Shanghai No. 1 shirt factory here today. Afterwards, they mounted a tall building to get a birds-eye view of China's largest industrial city and the Huangpu River that runs through it.

A banquet was given here this evening in honor of the visitors by the Shanghai municipal government. Kengo and his party flew in here from Hangzhou this afternoon and were greeted at the airport by Shanghai Mayor Jiang Zemin. In Hangzhou this morning they inspected a farm.

**Leaves for Home**

OW121828 Beijing XINHUA in English 1429 GMT 12 Jun 86

[Text] Shanghai, June 12 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, Mrs. Kengo and their party left here today at the end of their visit to China. Before Kengo's departure, Chinese Minister of Labor and Personnel Zhao Dongwan conveyed to him a telephone message from Chinese Premier Zhao Ziyang.

The Chinese premier said in the message that during Kengo's successful visit, the two sides exchanged views on questions of mutual concern and furthered their mutual understanding and friendship. He expressed the belief that Kengo's visit will promote Sino-Zairian friendly cooperation, and asked Kengo to convey the best regards from Chinese leaders Deng Xiaoping, Li Xiannian and himself to President Mobutu.

Kengo told the Chinese minister that his talks and meetings with Chinese leaders as well as the agreement and protocol signed during his visit brought new vitality to future cooperation between the two countries.

Shanghai Mayor Jiang Zemin and Zhao Dongwan went to the airport to see the Zairian visitors off. Kengo and his party viewed the Baoshan Iron and Steel Complex and went boating on the Huangpu River earlier today.

**RWANDAN DELEGATION INVITED BY CPC CENTRAL COMMITTEE****Zhu Liang Hosts Banquet**

OW041917 Beijing XINHUA in English 1423 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, gave a banquet in honor of Habimana Bonaventure, general secretary of the Revolutionary Movement of National Development of Rwanda, and his party here this evening. In their toasts Zhu and Habimana expressed the satisfaction with the constant development of the friendly relations and cooperation between the two parties and hoped for new progress in such relations. The Rwandan visitors arrived here yesterday at the invitation of the CPC Central Committee.

## Hu Qili Meets Visitors

OW051228 Beijing XINHUA in English 1156 GMT 5 Jun '86

[Text] Beijing, June 5 (XINHUA) -- Hu Qili, member of the Political Bureau of the Chinese Communist Party Central Committee, met Habimana Bonaventure, general secretary of the Revolutionary Movement of National Development of Rwanda, and his party here this afternoon. He welcomed Habimana on behalf of General Secretary Hu Yaobang of the CPC Central Committee. Hu Qili said that Habimana is an old friend of the Chinese people. Since he first visited China at the head of a delegation in 1981 the contacts between the two countries have constantly increased. The current visit by Habimana shows that the Revolutionary Movement of National Development of Rwanda attached great importance to the Rwanda-China friendship, Hu Qili said.

Habimana said that the purpose of his visit is to strengthen the existing friendly relations and cooperation between the Rwandan Revolutionary Movement of National Development and the Chinese Communist Party and the two countries.

Hu spoke highly of Rwanda's just stand on safeguarding world peace and the establishment of a new international economic order as well as other major international issues.

Habimana said both Rwanda and China shared identical views on these issues. Wei Jianxing, head of the Organization Department of the CPC Central Committee, was present on the occasion. The meeting was followed by a banquet. Habimana and his party left here for Dalian tonight.

## Rwanda Envoy Hosts Banquet

OW081715 Beijing XINHUA in English 1212 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- Rwandan Ambassador to China Magira Bigirimana Denis and his wife gave a return banquet at the embassy here this evening in honor of Habimana Bonaventure, general secretary of the Revolutionary Movement of National Development of Rwanda, and his party. Among those present was Wei Jianxing, head of the Organization Department of the Chinese Communist Party Central Committee. The Rwandan visitors are leaving for home later tonight. During their stay in China, they visited Beijing and Dalian in northeast China.

PRC-ZIMBABWE ECONOMIC COOPERATION MEETING OPENS

OW091100 Beijing XINHUA in English 0959 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- The first session of the Sino-Zimbabwean economic, trade and technological cooperation mixed commission opened here this afternoon. Zheng Tuobin, minister of foreign economic relations and trade and Chinese chairman of the mixed commission, and Dr. O. Munyaradzi, minister of trade and commerce and Zimbabwean chairman of the mixed commission, reviewed the development of economic cooperation and trade between the two countries since the establishment of diplomatic ties in 1980.

They expressed the hope that during the five-day session, the two sides will exchange views on strengthening bilateral cooperation and explore new ways to expand the scope of cooperation. Zheng Tuobin will give a banquet here this evening in honor of Munyaradzi and his party.

## Cooperation Summary Signed

OW130816 Beijing XINHUA in English 0754 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- A summary was signed here today for the first session of the Sino-Zimbabwean economic, trade and technological cooperation mixed commission. Signing the summary were Zheng Tuobin, Chinese minister of foreign economic relations and trade and Dr. O. Munyaradzi, Zimbabwean minister of trade and commerce. During the five-day session from June 9 to 13, the two sides discussed matters on further expansion of their economic and technological cooperation.

UAE PAPER SAYS LIBYA MAY JOIN WARSAW PACT SOON

OW041441 Beijing XINHUA in English 1150 GMT 4 Jun 86

[Text] Kuwait, June 4 (XINHUA) -- Libya and the Soviet Union have agreed in principle on a formula for the admission of Libya into the Warsaw Pact Organization, the daily "AL-ITTIHAD", published in Abu Dhabi, capital of the United Arab Emirates (UAE), reported today. The paper quoted informed Arab sources as saying that the main principles for Libya's joining Warsaw Pact and preparations for the official documents for that purpose have been agreed on during the recent visit to Moscow by member of the Libyan revolution command 'Abd al-Salam Jallud.

The sources said Libya had briefed Saudi Arabia, Morocco, Democratic Yemen and Iran of its plan. A Soviet military delegation will visit Libya this month to discuss the details and practical steps for the declaration of the Libya's admission to the Warsaw Pact, the sources added.

They expected that the announcement of Libya's admission into the pact would be made during a visit to Moscow by Libyan leader Mu'ammar al-Qadhafi within the next two months. The paper reported earlier that Libya had held secret talks with some Warsaw Pact member countries on its intention to join the pact.

'ARAFAT TALKS WITH PRC AMBASSADOR IN TUNIS

OW050358 Beijing Domestic Service in Mandarin 1100 GMT 3 Jun 86

[Text] According to a XINHUA dispatch from Tunis, 'Arafat, chairman of the PLO Executive Committee, met with Xie Bangding, Chinese ambassador to Tunisia, yesterday afternoon. The two sides had a long, cordial, and friendly conversation. Chairman 'Arafat briefed Xie Bangding on the latest developments in the situation in the Middle East and Lebanon. He pointed out: Israel is massing its armed forces in southern Lebanon in an attempt to launch new attacks against the Palestinian and Lebanese people.

He expressed concern over the situation in the Palestinian refugee camps in Beirut. He stressed that the Palestinian people would further strengthen their internal unity. 'Arafat thanked the Chinese leaders and people for their concern and support for the Palestinian people's struggle.

Xie Bangding condemned Israel for its policy of aggression and expansion against the Palestinian and Lebanese people. He said: The Chinese Government and people will continue to stand firmly by the Palestinian people and resolutely support their struggle to restore their national rights, until final victory is won.

CANADIAN MINISTER FOR INTERNATIONAL TRADE VISITS

## Talks With Zheng Tuobin

OW041259 Beijing XINHUA in English 1207 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- Minister of Foreign Economic Relations and Trade Zheng Tuobin and Canadian Minister for International Trade James Kelleher today held talks on furthering their efforts to develop bilateral trade and economic cooperation.

Zheng noted the fast expansion of bilateral trade and wider scope of economic and technological cooperation over the past few years. He expressed the hope that Canada will help China reduce its deficit in bilateral trade and provide Chinese commodities with an easier access to the Canadian market so as to achieve the aim of a long-term growth of bilateral trade. Over the past few years, he said, Canada's direct investment in China has increased. But, there still exist great potentials for it. He hoped that Canada will invest more in China and help China in expanding its export-oriented enterprises.

Kelleher said China has become Canada's fifth largest trading partner. It is Canada's hope that bilateral economic relations and trade will be further developed. Canada, as an industrially developed country, sees its responsibility of helping those less developed countries increase their exports, he said. Canada will do its best to reduce China's deficit and increase its direct investment in China. The Canadian Government supports China in resuming its legitimate seat in the General Agreement and Trade, he added.

This evening, Zheng gave a dinner for Mr. and Mrs. Kelleher and their party in the Great Hall of the People.

## Meets Yao Yilin

OW051030 Beijing XINHUA in English 1000 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Chinese Vice-Premier Yao Yilin described the Sino-Canadian political, economic and trade relations as very good at a meeting with Canadian Minister for International Trade James Kelleher and his party here today. Yao expressed his appreciation of the Canadian Government for its positive attitude in balancing the trade between the two countries.

TIAN JIYUN RECEIVES CANADIAN MINISTER OF STATE

OW101000 Beijing XINHUA in English 0945 GMT 10 Jun 86

[Text] Beijing, June 10 (XINHUA) -- Chinese Vice-Premier Tian Jiyun met Canadian Minister of State Charles James Mayer and his party here today. Tian said that the Chinese and Canadian Governments shared the desire to develop their political and economic relations. He expressed the conviction that Mayer's visit would promote the bilateral trade and economic cooperation. Noting that many of those who are accompanying Mayer on the visit were agriculture and grain entrepreneurs, Tian welcomed Canadian enterprises to invest in China in such fields as food processing and food preservation by way of joint ventures, cooperative production or exclusive investment.

Mayer said he and his party had come to China to explore Chinese markets for expanding both export to China and import from China.

COLOMBIAN ECONOMIC DEVELOPMENT MINISTER VISITS

## Talks With Yao Yilin

OW091056 Beijing XINHUA in English 1037 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Chinese Vice-Premier Yao Yilin today told visiting Colombian Minister of Economic Development Gustavo Castro Guerrero that the two countries should increase understanding and expand bilateral trade. Yao noted that both countries belong to the Third World and desire peace and development. He said that Sino-Colombian cooperation is part of South-South cooperation.

Castro expressed his appreciation of China's support to the developing countries, adding that the Colombian Government is willing to expand bilateral trade and economic and technological cooperation with China and regards this as an important way to develop friendly ties with China.

Earlier today, Zheng Tuobin, Chinese minister of foreign economic relations and trade, held talks with Castro. Zheng pointed out that the Chinese Government attaches great importance to South-South cooperation, and economic and trade cooperation among developing countries is more important with the growing tendency of protectionism by the developed nations. China is willing to promote trade interflow and expand areas of cooperation with Latin American countries including Colombia, he added.

The two ministers also discussed goods for exchange, cooperation in construction projects and labor services. Their talks were followed by the first meeting of the Sino-Colombian economic and trade mixed commission.

## Meets With Chen Muhua

OW101241 Beijing XINHUA in English 1146 GMT 10 Jun 86

[Text] Beijing, June 10 (XINHUA) -- Chinese State Councillor Chen Muhua met here today Colombian Minister of Economic Development Gustavo Castro Guerrero and his party. Chen congratulated on the first meeting of the Sino-Colombian Economic and Trade Mixed Commission, which was held here yesterday. She hoped that the two countries will further their friendly relations and economic and technological cooperation. Castro told Chen that he had visited Shenzhen and was impressed by the speedy development there and China's policy of opening itself to the outside world.

## Zheng Tuobin at Reception

OW111322 Beijing XINHUA in English 1210 GMT 11 Jun 86

[Text] Beijing, June 11 (XINHUA) -- Visiting Colombian Minister of Economic Development Gustavo Castro Guerrero gave a reception here this evening. Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin attended. Speaking at the reception, the two ministers agreed that Castro's fruitful visit to China had laid the foundation for furthering economic relations and trade between the two countries. Castro and his party are leaving here for home tomorrow.

PERUVIAN PRIME MINISTER DEPARTS FOR PRC VISIT

OW101810 Beijing XINHUA in English 1558 GMT 10 Jun 86

[Text] Lima, June 10 (XINHUA) -- Peruvian Prime Minister Luis Alva Castro left here today for an official visit to China at the invitation of Chinese Premier Zhao Ziyang. Before his departure, he told XINHUA that "the relations between Peru and China are excellent."

He said his visit to China will become "a milestone" in the relations between Peru and China, and "an obvious sign of friendship" between the two countries. "A revolutionary process that is changing the destiny of the Chinese people has taken place in China. The progress and achievements made by China have been acknowledged internationally," the prime minister said. "I will be interested to see the activities being unfolded in a deep-going way in China, including the development of medium- and small-sized industries and handicraft art, cultural life and the development of ancient civilization," he said.

During his stay in China, he said, he will have talks with Chinese leaders on international issues and their foreign policies.

## Ai Zhisheng Greets on Arrival

OW121040 Beijing XINHUA in English 1000 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- Chairman Luis Alva Castro of the Council of Ministers of the Republic of Peru, his wife and their party arrived here this evening on a week-long official visit to China at the invitation of Premier Zhao Ziyang. Among those greeting them at the airport was Ai Zhisheng, chairman of the Chinese Government Reception Committee and minister of radio, film and television, and his wife.

BOLIVIAN SENATE DELEGATION LEAVES FOR PRC

OW081810 Beijing XINHUA in English 1737 GMT 8 Jun 86

[Text] La Paz, June 7 (XINHUA) -- The delegation of the Bolivian Senate headed by its President Oscar Zamora Medinaceli left La Paz last night on a visit to China at the invitation of the Standing Committee of the Chinese National People's Congress.

On leaving the airport, the president of the Senate told Xiao Sijin, charge d'affaires ad interim of the Chinese Embassy in Bolivia, that this is the first official visit to China by a Bolivian parliamentary delegation in history as well as since the establishment of diplomatic relations between the two countries in July 1985. The Senate took the lead a few years ago in passing the resolution on the establishment of diplomatic relations with China, he said. He added that his visit is to further the friendly relations and cooperation between the two countries.

The president of the Senate also said that on his departure, Bolivian President Victor Paz Estenssoro phoned him to express the hope that the delegation would do its utmost to push the development of Bolivian-Chinese relations.

Arrives in Shanghai

OW112003 Beijing XINHUA in English 1447 GMT 11 Jun 86

[Text] Shanghai, June 11 (XINHUA) -- The Standing Committee of the Shanghai Municipal People's Congress gave a banquet here this evening in honor of a delegation from the Bolivian Senate, the first ever to China. The delegation, led by President Oscar Zamora Medinaceli, arrived here yesterday at the invitation of the Standing Committee of China's National People's Congress. The Bolivian visitors took a cruise on the Huangpu River and viewed the Baoshan Iron and Steel complex here today.

MEXICO GRATEFUL FOR PRC EARTHQUAKE AID

OW042017 Beijing XINHUA in English 1427 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- On behalf of Mexican President Miguel de la Madrid, Mexican Ambassador to China Eugenio Anguiano today presented commemorative plaques to two Chinese organizations for providing aid to the Mexican earthquake victims. President of the Red Cross Society of China Cui Yueli and Deputy Secretary-General of the Chinese Academy of Social Sciences Li Shouqi received the plaques inscribed with Mexican president's name, on behalf of their respective organizations. After Mexico was stricken by an earthquake last September, 44 countries including China provided assistance.

CONTADORA, U.S. C. AMERICAN POLICIES VIEWED

OW101416 Beijing XINHUA in English 1335 GMT 10 Jun 86

["Roundup: Central America's Knotty Peace Process One Step Forward (by Lin Liangyou)" -- XINHUA headline]

[Text] Panama City, June 9 (XINHUA) -- At the June 7 meeting of foreign ministers from 13 Latin American nations, a new draft peace proposal was advanced by the Contadora Group, pushing the thorny Central American peace process one step forward.

The five Central American nations -- Nicaragua, Guatemala, El Salvador, Costa Rica and Honduras -- were scheduled to sign the Central American peace and cooperation draft treaty, proposed by the Contadora nations of Panama, Mexico, Colombia and Venezuela, at a meeting in Panama on June 6.

Prior to the meeting, however, Nicaragua and the other four Central American nations failed to agree on the crucial issues of disarmament and reduction of international military maneuvers. Nicaragua insisted that military maneuvers be stopped and that talks on limitation of offensive weapons begin soon after the signing of the peace treaty.

The other four nations, however, opposed a halt to military exercises and called for a ceiling of armaments in Central American countries before the peace accord is ratified. The failure to reach an agreement cast a pall of gloom over the meeting, caused concern about Central America's future, and even created doubts in some people's minds about the continued existence of the Contadora Group itself.

Facing these difficulties, the Contadora Group refused to give up its long-time peace efforts. Joined by the Lima Group of Argentina, Uruguay, Brazil and Peru and taking all differences into account, the Contadora Group proposed a new draft treaty, which reiterated that Central American nations should restrict their military exercises for the time being, and eventually end such exercises once they reach an agreement on disarmament.

In the current draft, the Contadora Group also called on these countries to freeze arms purchasing in preparation for a gradual arms reduction to begin after their parliaments approve the peace treaty. This new proposal further extended the deadline for the signing of the peace accord.

In a bid to break the impasse in the region's peace process, the Contadora and Lima Groups issued a three-point joint communique, suggesting that Central American nations should neither allow their territories to be used against any other country nor provide military and logistical assistance to non-governmental forces and subversive groups. The communique also proposed that no nation should establish military and political alliances that would directly or indirectly threaten peace and security or incur East-West confrontation.

It further suggested that no big powers should offer military or logistic assistance to non-governmental forces and subversive groups in the region, nor should they use these forces or groups as a tool to overthrow governments.

The communique urged all nations having a common interest in Central America to show their good-will by undertaking the obligations set by the treaty. Observers here, believing these points are important, pointed out that if all the principles are strictly abided by, negotiations will certainly be accelerated and an agreement can be expedited.

The first reactions to the new draft treaty and communique were positive. Participants at the meeting praised the Contadora Group's contribution to Central American peace and expressed the hope that the group would continue its peace efforts.

The three-and-a-half-year-old Contadora Group has made painstaking efforts to seek regional peace such as proposing four drafts of the peace treaty. Unfortunately, the treaty has not been signed and Central American peace has not been achieved.

Although the Central American nations all expressed a desire for peaceful coexistence, their deep-rooted differences have led to distrust and even head-on conflicts on a number of specific issues. Moreover, outside intervention and influence, especially from the United States, have made the already complicated problems even knottier. Shortly before the Panama meeting, the U.S. had staged frequent military maneuvers in Central America while officials such as President Reagan's special envoy Philip Habib and a congressional delegation visited the Central American nations. In the U.S., the Congress is again about to discuss the Reagan-proposed 100 million dollars in aid to Nicaragua's anti-government rebels.

In the meantime, the Reagan administration has begun a new round of lobbying the Congress to pass the motion.

Peace, the common wish of the Latin American nations, requires that Central American nations settle their conflicts in their own way and avoid incurring East-West confrontation in the area. With the new peace proposal by the Contadora Group and the willingness of Central American nations to continue talks, the future of the Central American peace process seems brighter than before, but whether peace can come true in this part of the world remains to be seen.

I. 16 Jun 86

C H I N A  
PRC NATIONAL AFFAIRS

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WEN JIABOA REPLACEMENT OF WANG ZHAOGUO REPORTED

HK131326 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1234 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) -- Wang Zhaoguo, member of the CPC Central Committee Secretariat, no longer holds his concurrent post of director of the CPC Central Committee General Office. He has been replaced in the post by Wen Jiabao, former deputy director of the office.

This was certified at a news briefing this afternoon by Wu Xingtang, spokesman for the International Liaison Department of the CPC Central Committee.

Wu Xingtang said that this was a normal personnel change.

NPC STANDING COMMITTEE MEETING OPENS 16 JUN

OW161003 Beijing XINHUA in English 0943 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The Sixth National People's Congress Standing Committee opened its 16th meeting here today. It will last ten days.

The "Land Law of People's Republic of China (draft)", the "Regulations Governing Offences Against Public Order of People's Republic of China (revised draft)", the "Enterprise Bankruptcy Law of People's Republic of China", and the "Regulations of People's Republic of China on Diplomatic Privileges and Immunities (draft)" were reported at the meeting.

Wang Bingqian, state councillor and minister of finance, will give a report on 1985 final state account which is to be examined and approved by the meeting. A report on 1985 auditing work by Lu Peijian, auditor-general of the Auditing Administration, and a report on construction and development principle of China's nuclear power stations by Minister Jiang Xinxiang of nuclear industry are to be delivered.

On the agenda are also reports on President Li Xiannian's visit to Bangladesh, Sri Lanka, Egypt, Somalia, and Madagascar, and on the visit of a National People's Congress delegation to Australia. Several removals and appointments are to be passed by the meeting.

To Discuss Bankruptcy Law

OW161005 Beijing XINHUA in English 0949 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- The draft of China's first enterprise bankruptcy law was submitted for deliberation today to the 16th session of China's National People's Congress (NPC) Standing Committee.

This is believed to be a major step in China's current economic reform aimed at abolishing the former Chinese practice of "eating from the common pot".

Explaining the draft law to the NPC Standing Committee, Zhang Yanning, vice-minister of the State Economic Commission, said that it is imperative for the country to have a law on enterprise bankruptcy.

Because of bad management, he said, a small number of state-run enterprises have suffered financial losses for years, which is detrimental to the steady growth of the country's socialist economy.

The guiding light for the draft enterprise bankruptcy law is to maintain the order of the socialist commodity economy, protect the lawful rights and interests of both creditors and debtors, to promote competition, and to improve the management of enterprises to improve economic results, he noted.

He explained that the draft takes into consideration an enterprise's bankruptcy together with its readjustment and reorganization, and establishes an enterprise bankruptcy system that will improve the socialist insurance system. The bankruptcy law will promote the enforcement of law over economic management, help enterprises become socialist commodity producers who bear profit-and-loss, and help them in dealing with creditor's rights and liabilities in economic activities with foreign countries, he added.

#### 13th CPC Congress Planned

HK131350 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1234 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) -- Wu Xingtang, spokesman for the International Liaison Department of the CPC Central Committee, today said that some aged leading cadres will retire and be replaced by some young people at the 13th CPC National Congress to be held next year.

Wu Xingtang made the above statement at a press briefing this afternoon when asked by reporters whether there would be any personnel changes during the 13th CPC National Congress.

Wu said: In recent years the CPC has implemented the policy of four transformations regarding cadre appointment; namely, the policy of recruiting cadres who are more revolutionary, younger in average age, better educated, and more professionally competent. This process was initiated during the 12th CPC National Congress in 1982 and was stepped up at the National Conference of Party delegates last year. A new step will be taken at the 13th CPC National Congress next year.

Wu Xingtang pointed out: The CPC, as a big party, and China, as a large country, still need a few tried and experienced revolutionaries with high prestige to take the helm. Therefore, specific personnel changes and appointments have yet to be decided for the 13th CPC National Congress and the succeeding CPC Central Committee plenary session.

Wu Xingtang also revealed that a 6th Plenary Session of the CPC Central Committee might be held this fall to set the main agenda for the 13th CPC National Congress.

#### Opposition to Reform Denied

HK131414 Hong Kong AFP in English 1342 GMT 13 Jun 86

[Text] Beijing, June 13 (AFP) -- There is no faction within the Chinese Communist Party opposing the country's economic reforms, a party spokesman said here Friday.

Asked about difficulties in implementing urban reforms reported in the Chinese press, spokesman Wu Xingtang replied: "There is no such faction that is opposed to the reform in our party."

However, he admitted that it was "not surprising" that there were differences of opinion, and said debate and the airing of views about reform was "normal."

He recalled that the party had asked for five years of grace before any verdict was passed on urban reforms begun in 1984.

Mr Wu said some party members had chosen to "wait and see" the results of urban reform, and added: "They should be allowed to do so."

On a number of occasions recently the Chinese press has reported difficulties encountered by the advocates of reform -- often younger party officials -- several of whom had been edged out by officials that were more "conservative" or even downright hostile to reform.

The reforms included the decentralization of the Chinese economy, with greater autonomy for businesses, and more decisionmaking power for their bosses.

Observers said there were differences among the Chinese leadership about the speed and scale of reform.

Turning to the party's 13th congress which should in principal be held in the autumn of next year, Mr. Wu said it would once again concentrate on infusing younger blood into the party -- a process begun at the last congress in September 1982.

"I am sure that this work will be carried out even further," he said in what was the first official statement on the themes to be discussed at the congress.

He said the ground for the meeting would be laid at a plenum of the party Central Committee this year.

Asked about recent articles in the Chinese press expressing the need for reform of the Chinese political structure, Mr We replied that the strengthening of democracy and socialist law were among the tasks on which the party was engaged.

He said steps to strengthen "inner party democracy" and Chinese law had already been taken, but gave no details.

Socialist law is something "new to us," Mr Wu said, adding: "We lack experience, so we are exploring."

#### ENGINEER ON PRC ENTRY INTO SATELLITE MARKET

OW150200 Beijing XINHUA in English 0145 GMT 15 Jun 86

[Text] Beijing, June 15 (XINHUA) -- China has no intention of competing with Western countries in its satellite launching services, said Wu Keli, deputy general manager and senior engineer of the China Great Wall Industry Corp. (CGWIC).

He told Chinese English language weekly "BEIJING REVIEW" that China contracted to do this business in order to make up for the shortage of carrier rockets.

Refuting recent Western press accusation that China was taking advantage of U.S. and French failures in recent launchings of spacecraft and satellites, he said: "This is sheer coincidence. Soon after the Chinese official announcement that China was to undertake satellite launching business for foreign countries in October 1985, many countries, including Sweden, Indonesia, Australia, Italy and Argentina, contacted the CGWIC for information about the carrying capacity of the Long March-3. Some of them have already asked China to launch or help design satellites for them."

The senior engineer said that in recent years the number of satellites planned to be launched by other countries has greatly outstripped the capacities of the world's available carrier rockets and many Third World countries have planned to send up their own satellites. This is a good opportunity for China to expand its services. "But China has no intention of competing with Western countries in this field. We contract to do this business in order to make up for the shortage of carrier rockets," Wu said.

He said that the People's Insurance Co. of China will provide insurance services for the launches carried out in China. Satellites to be launched by China would be exempted from customs examination and the clients may send their representatives to supervise, protect, test and install their satellites in China. The Chinese side is responsible for the security after the satellites enter China. With the approval of the clients, the Chinese side may also provide testing and installation services.

China has launched 18 satellites and only one failed. After the Long March Z-2 carrier rocket failed in launching its first satellite, the engineers and technicians involved in the work not only uncovered the causes and fixed the breakdown immediately, but also launched another satellite within 40 days.

Wu said that China is currently developing carrier rockets with larger thrust, and plans to send up larger satellites into space in the next five years.

The latest issue of BEIJING REVIEW disclosed that Mr. Paul S. Visher, president of the United States Hughes Aircraft Co. [name and title as received] recently proposed to CGWIC that a satellite launching ground for long-term cooperation be set up on a Hawaiian Island where the Chinese rocket carriers and launching technology shall be exploited to launch American civilian satellites in cooperation with the American company. The suggestion has received positive response from the Chinese side, and negotiation on related substantial questions between both sides is expected to be held soon.

#### JINGJI RIBAO URGES SUPPORT FOR REFORMERS

HK131521 Beijing JINGJI RIBAO in Chinese 3 Jun 86 p 1

[Commentator's article: "We Should Not Demand Perfection in Reformers"]

[Text] In the mighty torrent of reform, there have emerged a number of pace-setters who are bold in making innovations and blazing new trails. However, just when they are hacking a way forward through all difficulties, some nitpickers deliberately find faults from them and demand perfection in them in an attempt to put them in an extremely awkward situation and to lead the burgeoning reform to a state of stagnation or chaos. This is a question calling for our thoughtful attention.

As long as we do certain work, we can hardly avoid mistakes. There is no one on earth who has never made any mistakes. Going with the tide of historical development, reformers have the courage to assume responsibilities and fear no dangers. Those mediocrities and yes-men who dillydally everyday and do not do any work, of course, do not commit mistakes. They are more "secure" than reformers, but what can they do for the country? It is really surprising that some of our comrades often praise these people as "being reliable and dependable," but whenever reformers commit mistakes, they keep picking on them. Such partial viewpoints and pernicious practices must be corrected.

As the saying goes, "a tall tree catches the wind." This is the case in the current reform. Some industrial enterprises with marked economic results are endlessly investigated by investigation and work groups. It seems that the better the work is done, the more problems there are and the more investigations should be conducted. Such a situation is completely abnormal and should be changed.

It is our hope that vast numbers of people, and in particular leaders at various levels, will throw in their lots with reformers, giving them more support and not nitpick at their minor faults. As long as they commit mistakes in work, we should enthusiastically help correct them and encourage them to sum up experiences and draw lessons so as to continue to make progress in the mighty torrent of reform.

#### END TO ATTACKS ON INNOVATIVE MANAGERS URGED

OW160808 Beijing XINHUA in English 0707 GMT 16 Jun 86

[Text] Beijing, June 16 (XINHUA) -- Groundless attacks on successful managers must stop immediately and those managers who use creative means to implement the economic reforms should be encouraged, according to today's PEOPLE'S DAILY.

The paper published several stories and a commentary which showed that some managers were being criticized for small faults without recognizing their larger contributions.

Three examples were given to show the problem. Last Friday, for example, workers at the Zhengzhou automobile factory warmly welcomed back their former director, Song Beifang. He had been removed from his post earlier this year because he applied for his factory to be removed from the control of a transport company. Song was demoted because he wanted to decide the types of products to produce, the outlets for his products, and to implement other creative methods to boost the factory's production.

In another case, the Fuzhou Municipal Communist Party Committee demanded that local authorities immediately halt the endless investigations of seven new leaders who had brought a watch factory great profitability after many years of losses. The factory had made no profit between 1976 and 1983, yet made over one million yuan in the last two years due to the reforms made by the new leaders in the management of production.

The watch factory investigations were launched merely on the basis of a few anonymous letters. Investigators discovered no big problems at the factory, but normal production was interrupted and managers were discouraged from making further reforms, the paper said.

A detailed description was given of a case involving the removal of a manager at the Shenyang trolley-bus company. Although the manager helped the company make a profit of 1.64 million yuan in his first year, he was removed last year because he bought a western style suit with public funds and made some other minor mistakes. Those who were on the side of the manager were also blamed.

The paper said that some people were unable to bear the success of the reformers and therefore were looking for small flaws. They blamed the reformers for abusing power and some even purposely laid obstacles for them.

The paper quoted a senior party official as saying "mistakes in the course of reforms are allowed, but not implementing the reforms is unbearable."

One must not grasp a single fault of the path-breaker and irresponsibility criticise him as using the reforms to make personal gains, while overlooking his overall merit, it said.

The paper urged local officials to have a more realistic attitude in analyzing the mistakes of the reformers and help them correct their shortcomings.

Endless investigations on almost the same problems are unnecessary, it said. Those people under investigation are often discouraged and hesitant to try new creative policies.

The commentary criticised some leading officials for being overlenient with some cadres who made no progress in their work and thought nothing about how to make improvements.

#### JINGJI RIBAO URGES PUNISHMENT FOR BUREAUCRACY

HK131154 Beijing JINGJI RIBAO in Chinese 4 Jun 86 p 1

[Commentator's article: "Criminal Responsibility for Serious Bureaucracy Should Be Investigated"]

[Text] While cracking down on serious economic crimes and straightening out the party's style, major headway has been made in the investigation and handling of major and important cases in the central areas and localities. Not only do these major and important cases include incidents like serious bribery, graft, embezzlement, theft, illegally buying and reselling foreign exchange at a profit, grave political liberalism, and so on, but they should also include those heavy political and economic losses caused by serious bureaucracy. We must no allow bureaucracy or anything harmful to the state and the people to go unchecked.

Opposing bureaucracy has been our task for a long time. When discipline is tightened, the situation will improve; but when discipline is relaxed, it will slip back into the old ways. In some departments and organs, bureaucracy is not only the "umbrella" for some serious economic crimes, but also the direct or indirect "chief culprit" of serious economic waste and loss. There are some ignorant and irresponsible people who do not want to conduct investigations but are ready to listen to reports and sign documents. In the event of causing losses up to over a million yuan, they do not have a serious sense of responsibility or right and wrong, but remain unruffled or even try to turn big problems into small problems and small problems into no problems at all under the sway of "bureaucracy." The damages they cause to the reform and the four modernizations drive are not smaller than other economic crimes.

Therefore, it is necessary to further strengthen discipline and the legal system and handle the major cases of loss caused by serious bureaucracy. Those who ignore the interests of the state and the people and who "neglect their duties" should be punished according to the law, so as to educate the vast number of cadres to improve their work style, perform their duties, and prevent various economic losses caused by bureaucracy, as well as major losses in other fields.

Of course, in handling the major and important cases caused by bureaucracy, we must draw a clear demarcation line of policy and make a distinction between the general and minor losses which are caused by inadequate investigations and studies or misjudgments, and the losses caused by serious dereliction of duty. When problems crop up, we should not regard bureaucracy as an excuse to cover up mismanagement and wrong decisions instead of trying to solve the problems or attempting to conceal the negligence. Furthermore, we should not confuse matters of general workstyle with serious bureaucracy. In particular, the economic and legal responsibilities of those people who are seriously indifferent to and ignore the interests of the people must be affixed. This is in keeping with the fundamental interests of the reform and economic construction and conductive to urging some cadres to rapidly change their workstyle and to reducing the damage of bureaucracy to a minimum.

#### COMMUNICATIONS MINISTRY TO CURB UNHEALTHY TRENDS

OW150807 Beijing XINHUA Domestic Service in Chinese 1043 GMT 14 Jun 86

[By reporter Zhang Jinsheng]

[Excerpts] The Ministry of Communications recently decided to conduct a general inspection of all enterprises under its administration in order to curb four prevailing unhealthy tendencies. To educate the masses of cadres and workers and staff members under the ministry to consciously resist unhealthy tendencies, it will thoroughly investigate and solve important major cases and typical incidents that the masses have vehemently criticized. Thus, the ministry hopes to markedly improve social conduct in all the enterprises under its administration.

The Ministry of Communications called on departments in charge of transport throughout the country to earnestly investigate and curb the four following unhealthy tendencies:

1. Seeking personal interests by putting vehicles, ships, and harbor berths at one's disposal. For example, some drivers use public vehicles and ships as transportation for the purpose of making money.
2. Abusing administrative power to seek private interests for individuals or groups. Some highway and water transport supervisors and highway administrative officers abuse their authority to issue licenses and number plates, to set up vehicle inspection roadblocks, and to handle traffic accidents, for intercepting vehicles without good reason in order to give vehicle and ship operators a hard time. These officers and supervisors treat vehicle and ship operators rudely and with a despotic work style. They indiscriminately collect fees, exact fines, extort money, and accept bribes from them.
3. Seeking personal gain by reselling vehicle and ship tickets for profit. Some passenger transport port administrations and stations have used vehicle and ship tickets to establish relationships with other units by increasing handling fees.

**4. Treating passengers with rudeness and unloading goods carelessly.**

The Ministry of Communications emphasized that to eliminate the unhealthy tendencies in the entire transportation trade, we must be firm and must try never to evade contradictions. We must face the problems boldly and investigate thoroughly typical cases of unhealthy tendencies. Leading organizations must try not to cover up their shortcomings. The purpose of eliminating unhealthy tendencies in the transportation trade is to improve the work style of its workers and staff members, to promote observance of rules and discipline among them, to encourage them to serve the public cleanly, to operate their businesses in a civilized manner, to treat passengers politely, and to serve people wholeheartedly.

**STORAGE PLANT OFFICIALS SENTENCED FOR NEGLECT**

OW131838 Beijing XINHUA in English 1504 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- Two officials who caused great economic losses through neglect of their duties have been sentenced to two years and 18 months in prison, respectively, a local court announced here today.

Former Director Pan Fengcai and Deputy Director Shi Xiwen of the Nanyuan cold storage plant in Beijing, neglected their duties from last year to the beginning of this year, resulting in 700 tons of vegetables going rotten and causing losses of 300,000 yuan.

The Fengtai district court tried the case June 4 and sentenced them to imprisonment in accordance with the criminal law. The defendants did not appeal their sentences, local court officials said. Wang Louzeng, the former Communist Party secretary of the cold storage plant, was transferred last August and his case will be handled separately, they said.

**GUANGMING RIBAO EXPLORES ECONOMIC REFORM**

HK131130 Beijing GUANGMING RIBAO in Chinese 24 May 86 p 3

[Article by Zeng Guoxiang: "Economic Reform Under Dual Mechanism"]

[Text] The Arduousness of Economic Reform Under Dual Mechanism

China's economic structural reform has entered a stage of transforming the traditional system into a new economic system. Two systems and two mechanisms will co-exist in this stage. It will be an arduous task to further promote economic reform under the dual systems and dual mechanism. This is mainly manifested in the following fields:

1. Enterprises have turned their operations from merely seeking output value and growth rates to paying much more attention to their profits and the welfare of their staff and workers. On the one hand, enterprises demand increasing energy supplies and the supply quota of raw materials under mandatory planning, on the other hand, they demand less mandatory planning in products in short supply. Thus, the government finds it difficult to control the short-term operations of enterprises. How to adopt a series of measures of coordinating reform so as to flexibly and effectively guide and restrict enterprises' short-term operations is an important task for continuously developing economic reform in depth.

2. Intersection of the new and old mechanism has appeared in economic operations. The new economic operation mechanism demands that enterprises compete with each other under the same market conditions, and demands that the principle of distribution according to one's work be carried out in individual consumer goods. But direct intervention in enterprises' production and operations by the old system still exists. Due to the disparity in external conditions, enterprises have different economic results. Moreover, the practice of "eating out of the same big pot" in distribution has not yet been eliminated. The co-existence of two economic operation mechanisms will inevitably result in conflicts and disharmony and bring difficulties to economic reforms.

3. General economic management departments and responsible professional departments at all levels have relaxed their control over enterprises' direct administration on sale, but goods supply departments have still restricted control over it. General economic management departments have relaxed their control over enterprises' direct administration over production, but have still restricted their control over fixed assets investment (including funds for technological transformation). As a result, some large and medium-sized enterprises directly under the departments have not yet enlivened their production. Meanwhile, the general size of social fixed assets investment has time and again been out of control, and it is difficult to genuinely form a market for the means of production.

4. The direct management mechanism in vertical administrative distribution of material objects is still in a dominant position. The indirect management mechanism with the organic combination of economic policies and levers is still being shaped. The mechanism of economic policies and levers has not yet combined with the planning mechanism, and has not yet played its role in flexibly regulating the commodity market and capital market. As the planning mechanism is rigid, the production structure and product mix cannot be readjusted promptly and effectively.

#### Establishing and Developing a Market of Means of Production Is the Key to the Replacement of the Old System by the New One

To expand the decision-making power of enterprises in production and business operation, it is first of all necessary to create the external conditions of a commodity market for enterprises. Without a market for the means of production, it will be difficult to enliven enterprises and bring into play the role of the economic operation mechanism, and there will be no foundation for the government to switch from direct economic management to indirect economic management. There are basically two ideas about establishing and developing a market of the means of production. One is that the pricing departments of the government increase by a big margin the prices of energy and raw materials so as to narrow the difference between the prices set by the state plan and market prices, and to balance the supply and demand in market. The other is that the state readjusts the unreasonable prices of several major raw materials, gradually reduces the portion of the means of production assigned by the state under mandatory planning, increases the portion of products which enterprises have the right to market by themselves and gradually relaxes the market for the means of production.

I believe that to establish and develop a market for the means of production, the essential thing is to gradually reform the planned goods supply system under which the means of production are distributed in a vertical way according to administrative relationships; to gradually reduce the quota of the goods to be distributed under mandatory planning; to develop lateral economic ties and cooperation in the exchange of goods between areas, and between cities and departments; and to gradually set up in large and medium-sized cities markets for trading the means of production where production enterprises and enterprises circulating goods can trade in means of production. Expanded, the difference between the two prices [free market and fixed] will be gradually narrowed.

It must be pointed out that the basic reason for the shortage of several major energy supplies and raw materials over the past few years is that the social fixed assets investment was too big and the general demand exceeded the general supply, resulting in a wide gap between the prices of means of production beyond the state plan and the prices of means of production covered by the state plan. Therefore, the only way out for easing the market for the means of production is to effectively control the general size of social fixed assets investment and the general size of banking credit. To expand the decision-making power of enterprises in supply, production, and marketing, and to develop the future commodity market of means of production centered on enterprises on this basis will not be too risky.

#### Tiered Control Should Be Stressed in The Stage of Replacing the Old System With the New One

In the stage of replacing the old system with the new one, the inherent operation mechanism of the traditional system and its defects cannot be eliminated once and for all, nor can the new economic system and its operation mechanism be established overnight. In addition, ours is a big country with different economic conditions all over the land, the tiered control and regulation of macroeconomy is therefore very important.

Under the complicated circumstances of the two systems and two mechanisms affecting each other, the appearance of every relatively important reform measure will inevitably have a large or small impact on economic and social life. To minimize the impact, governments at all levels must take up the responsibility for macroeconomic control, and have corresponding limits of authority. For example, first, gradational management in central and local finance must be established on the basis of introducing different taxes, namely, the central tax, the local tax, and the shared tax for central and local finance. The central tax should be submitted to the central authorities, the local tax should be retained by the local authorities, and the shared tax should be distributed proportionally. Second, in instituting gradational management in central and local finance, it is necessary, in accordance with the principle of the financial power of a department corresponding with its administrative power, to specifically define the administrative power, financial power, and the scope of income and expenditure of central and local financial authorities, and do gradually legalize and regularize their power. The central finance should be mainly responsible for national defense expenditure, and the building of basic installations such as important energy and raw materials projects.

The investment of profit-making processing industrial enterprises comes mainly from the lateral circulation of funds between enterprises. Provincial finance should be mainly responsible for investment in basic installations, such as traffic and energy projects in the province. City level finance should be responsible for administration fees, and the investment of basic urban installations, such as postal facilities, telecommunications, roads, houses, culture, education, public health, and environmental protection. Enterprises should be responsible for investment of production and business operation. Legislative power should be granted to local financial authorities in levying local taxes, such as the provisional business operation tax and land use tax. Concrete methods should be implemented after being reported to the higher responsible departments for the record. Local financial authorities should, in conjunction with general economic management departments of the state, grant power to state-run large and medium-sized enterprises in reducing or exempting their regulatory tax.

#### FURTHER ON ARMY RESETTLEMENT CONFERENCE

##### Leaders Attend, Speak

0W140947 Beijing XINHUA Domestic Service in Chinese 1420 GMT 13 Jun 86

[By reporters Gai Yumin and Sun Yong]

[Text] Beijing, 13 Jun (XINHUA) -- The national meeting of representatives of units advanced in resettling Army cadre transferred to civilian work and advanced individuals from among the transferred cadre concluded today at the Great Hall of the People. The meeting conferred pennants and certificates of honor on 103 advanced units and 248 advanced individuals.

Wan Li, Tian Jiayun, Yang Shangkun, Yang Dezhi, Yu Qiuli, Qin Jiwei, Song Renqiong, Hong Xuezhi, and other comrades received the meeting representatives and had a picture taken with them.

Yu Qiuli, member of the Political Bureau of the CPC Central Committee and deputy secretary-general of the Central Military Commission, addressed the meeting. He highly praised local party committees and governments at all levels, relevant departments, and especially departments in charge of placing transferred cadre for their painstaking and meticulous work and fruitful efforts in placing Army cadre transferred to civilian jobs. He also extended warm regards to the transferred cadre who have contributed to socialist construction in various departments. He said that the key to successfully implementing the Army structural reform, streamlining, and reorganization lies in the resettlement of transferred cadre. As for localities, the main task is to assign appropriate jobs for the transferred cadre as much as possible and make an earnest effort in organizing job training programs for them in the light of jobs assigned to them. As for the Army, it should make allowances for the difficulties experienced by localities; and Army units may find jobs in their own units for some of the cadre who are transferred as a result of streamlining. With regard to transferred cadre, it is necessary to enhance administration; pay great attention to involving them in the regular activities of the party; and attend to their ideological education, elementary education, and vocational training. He expressed the hope that the transferred Army cadre will keep up and carry on the glorious tradition of plain living and hard work, submit themselves to the assignments given them by their organizations, and go to the places where the party and people need them most to contribute to the four modernizations.

Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, also spoke at the meeting. He called for carrying out the work of resettling transferred Army cadres well this year to contribute to developing the national economy and to maintaining a stable and unified political situation.

Among the advanced individuals honored at today's meeting were people who valued the interests of the party and the people above everything else and have begun work at the grass roots, people who were determined to carry out reforms and achieved breakthroughs in their work, as well as people who have kept up and carried on the glorious tradition of the People's Army and have played an exemplary role in promoting spiritual civilization. Among the collectives honored were local units advanced in the work of placing transferred Army cadres as well as Army units responsible for transfer work.

187,000 to Demobilize in 1986

HK131522 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1400 GMT 13 Jun 86

[Text] Beijing, 13 Jun (ZHONGGUO XINWEN SHE) China will have a total of more than 187,000 PLA cadres transferred to civilian work this year.

In the past 10 years, arrangements were made for the placement of more than 1.2 million demobilized PLA cadres and more than 1.6 million dependents of PLA officers, said Yu Qiuli, deputy secretary general of the CPC Central Military Commission, at the national meeting of advanced units of demobilized Army cadres and representatives of progressive demobilized Army cadres which closed today.

Yu Qiuli asserted that the settlement work in the past 10 years was satisfactory. There were more demobilized Army cadres in the past few years than before due to the special case of PLA streamlining and reorganization, he added. The number of demobilized PLA cadres will drop substantially in the wake of the completion of the streamlining and reorganization process and the perfection of the cadre work system.

Meeting Ends

OW150450 Beijing XINHUA Domestic Service in Chinese 1334 GMT 14 Jun 86

[By reporters Sun Yong and Gai Yumin]

[Text] Beijing, 14 Jun (XINHUA) -- The national meeting on resettling demobilized military cadres that ended today stressed that, since this is the second year of the reform of the military system and of streamlining and reorganizing troops, as well as a crucial year in resettling surplus military cadres, party committees and governments at all levels should continue their close cooperation with the troops and strive to properly accomplish this year's resettlement work.

According to reports, there are more demobilized cadres waiting to be resettled this year than last year. However, the quality of this year's demobilized cadres is better than ever. Among them are combat-tried party-member cadres; personnel who have made outstanding contributions to Army building; military and political work cadres; as well as a great number of demobilized technical cadres.

Over 88 percent of these demobilized cadres are under the age of 39, 83.7 percent of them have an educational level of senior high school, and 10.2 percent of them are college educated.

In his speech at the meeting, Jiao Shanmin, member of the State Council Group on Resettling Demobilized Military Cadres, and vice minister of labor and personnel, said: Resettling demobilized cadres should be aimed at promoting economic development, and demobilized cadres waiting to be resettled should subject themselves to the needs of economic development. For this reason, all localities, while insisting on the principle of resettling demobilized cadres in their native place or where they were recruited, may select some demobilized cadres from different prefectures, cities, and counties for unified assignment in order to meet the needs of newly developed areas, key development projects, and some newly established units or units being expanded.

Comrades attending the meeting earnestly studied the central authorities' policies and principles on resettling demobilized military cadres, have unified their thinking, and gained a clear idea on this year's resettlement tasks. They held that resettling demobilized cadres is a task with great political significance which has something to do with the basic interests of the entire party, entire nation, and all the people, and that they will properly accomplish the task no matter what difficulties lie ahead. Military comrades attending the meeting pledged that they will, with high sense of responsibility, actively assist localities in resettling demobilized cadres, do whatever they can to help demobilized cadres solve practical problems, educate them to subject themselves to the needs of the nation's economic development so that they would willingly accept the party's assignments and work for the four modernizations in places where they are needed most.

#### RENMIN RIBAO SURVEYS EXPORT PRODUCTION SYSTEMS

HK130821 Beijing RENMIN RIBAO in Chinese 6 Jun 86 p 2

[Feature article by reporters Lu Zhenhua and Feng Xiao: "The Role of 'Joint Efforts' -- Investigation of the System of Export Commodity Production Set Up by Zhucheng County"]

[Excerpts] In early May, the experts and foreign trade workers who attended the national symposium on export production systems, time and again cited the experience gained by Shandong's Zhucheng County in developing production of commodities for export. In order to see how things really stood there, as soon as the symposium was closed, I hurried to Zhucheng City.

As soon as I reached the county, I heard two pieces of exciting news: 1) Zhucheng County scored a third stage in the development of its agriculture -- a switch from the type of agriculture that produces commodities for domestic sales to that which produces commodities for exports to earn foreign exchange -- after the switch from a self-sufficient type to the former type. In 1985, the value of its export commodities rose to 90 million yuan, accounting for 9 percent of the county's gross industrial and agricultural output value and an increase of 3,000 percent compared with 10 years ago. 2) In the past, foreign businessmen refused to buy chickens produced by Zhucheng, but after a little more than 1 year's efforts, the quality of its chickens had been improved so much that they reached international standards.

Last year, it exported 1,732 metric tons of chickens, ranking the first among all the counties in the nation. Now, foreign businessmen have come, one after another, to ask for long-term supply, because the county had become famous for its quality chickens.

Why has there been such a tremendous change in the county's export production?

#### Separate Forces Have Become Combined Forces

Zhucheng County is situated between Shandong's Qingdao and Weifang cities and is thus provided with fine geographic conditions for exporting its commodities. However, in the past, as its foreign trade department and production units each acted independently, production enterprises and specialized households always feared that the foreign trade department would urge them to produce beyond their capacity when there was a favorable market and force them to cut production when there was an unfavorable market. The foreign trade department worried that it might fail to get the supply of the goods it needed and thus got nothing from its investment in the production units. As the two sectors failed to combine their forces, Zhucheng's production of export commodities fluctuated widely.

What we saw in the townships and towns in Zhucheng County was quite another scene: new design cloth was being loaded on trucks for export. Trucks carrying mixed food were heading toward the chicken farms. Peasants were busying themselves around the cages in which they breed minks and long-hair rabbits. On the farmland around their villages, tobacco and asparagus grew luxuriously green. The county was vigorously developing the production of all its 80-odd export commodities.

This has been achieved through combining forces. Over the past year, in light of international market demands, the Zhucheng County Foreign Trade Company took the initiative to provide funds, materials, goods, and technology to help the development of export production. Last year, the county not only set up the production basis for the export of agricultural, sideline and local special products, including chicken, beef cattle, mink, rabbits, tobacco, dried and fresh fruit, peanuts, and large peppers, and developed a number of households specialized in producing goods for export, but also set up over 30 chemical, paper, textile, garment, pottery and handicraft factories specialized in producing goods for export.

After the industrial and trade sectors combined their separate forces, export commodities rose from 5 categories and 16 kinds to 10 categories and 83 kinds. The supply of goods constantly met the demand and the rate of breached export contracts was reduced. It has thus established its reputation. It has quickly improved the quality of its products for export and thus made its goods more competitive and able to be sold far away to over 20 countries and regions and improved its economic results. Peasants have begun to switch their field of vision from the domestic to the world market. They are now saying: "Compare your goods with other goods in the international market if you think you are so good in production!"

#### From Specialization to Export Production System

The establishment of an export production system is indeed a historic landmark in Zhucheng's export production progress. In the past, most of the households there conducted their farming and animal breeding for the production of agricultural and sideline products for export separately.

Each of them did everything from management to sales on its own. As a result, their production costs were high and the quality of their products was poor and could not meet export demands. Later, they specialized their production and put the service to provide seeds and technology and the processing industry under the unified management of the foreign trade department. This provided conditions for improving the county's export production capacity. Could the county go further and establish its export production system? During a year's exploration, the relevant departments in the county succeeded in setting up three regional export production systems each for a single item of commodities such as chickens, rice, and long-haired rabbits.

#### Diverse Forms of Joint Ventures

Zhucheng's export production systems have broken many old conventions and both horizontal and vertical joint ventures have been established. In the combines set up for these joint ventures, there are factors of the economy owned by the whole people, and the collective and individual economies.

We visited some joint venture enterprises. The first of them was a chicken breeding farm with advanced technology. This is a joint venture invested in and managed by the county foreign trade department, the Weifang City foreign trade department, the provincial export commodity base construction company, and Shantu village. They have imported fine breed chickens and brood hens. All the parties in the joint venture are masters of the enterprise: they jointly manage it, and share its risks and profits. In the first year after its establishment, it produced over 1.2 million young chickens. This year it plans to produce 3.7 million young chickens.

We focused our investigation on Daliyuan chicken farm at the county town which was another type of joint venture. There were 2 rows of 12 houses for breeding chickens. This farm was set up by Li Shuye's and 10 other peasants' households with a joint investment of 110,000 yuan. Food and water were both fed to chickens by semiautomatic equipment. Each of the big houses had only one or two workers on duty at each shift. In 1985, the farm bred 100,000 chickens and earned 70,000 yuan profit. This year it will recover all the investment. There are already 15 similar combines in the county.

#### AGE RULE CAUSING UNDERUSE OF SCIENTISTS' TALENTS

HK070703 Beijing CHINA DAILY in English 7 Jun 86 p 1

[Text] The talents of about 40 percent of China's scientists and technicians aged above 50 are being underused because of the compulsory retirement age, a sample investigation has discovered.

The investigation, carried out in 20 key enterprises in 12 provinces and municipalities, found that only 58 percent of scientists and technicians in the age group could give full play to their skills, while 23.7 per cent could do so "partly" and 18.3 per cent not at all, according to CHINA SCIENCE AND TECHNOLOGY NEWS.

The paper attributed this to the indiscriminate use of the age limit for the retirement of Chinese cadres. According to State regulations, scientists and technicians should retire by 60. However, most enterprises lower the age limit to 55, creating a whole class of "probationary" cadres due for retirement.

The institute which organized the research under the Chinese Science Association calls for more careful use of such cadres, the paper said.

OFFICIAL INTERVIEWED ON MACHINE-BUILDING INDUSTRY

HK100947 Beijing Domestic Television Service in Mandarin 1000 GMT 6 Jun 86

[From the "Economic Life" program: "Interview With He Guangyuan, Vice Minister of Machine-Building Industry" -- date, place not given -- recorded]

[Excerpts] [Unidentified reporter] Vice Minister He, the Seventh 5-Year Plan is being fully implemented. We would like you to talk about what contributions the machine-building industry, as an equipment sector of the national economy, will make to the development of the national economy during the period of the Seventh 5-Year Plan.

[He] The machine-building industry is an equipment and supply sector of the national economy. At present, the machine-building industry accounts for one-fourth of the increase in production output, output value, profit, and so on of enterprises. It is really a big sector. Departments and units under the machine-building industry are important component parts of the machine-building industry of the whole country. During the period of the Seventh 5-Year Plan, we will make our efforts in the following three aspects:

1. We will satisfy the demands of economic construction and the people with our advanced machinery products. We will make a fairly great breakthrough in terms of quality, variety, high standards of production, and the capability of manufacturing complete sets of equipment. During the period of the Seventh 5-Year Plan, we will develop 10,000 kinds of new products, and provide 440 sets of large equipment. Due to the efforts exerted during the period of the Seventh 5-Year Plan, the demand for machinery products by various departments will be basically satisfied domestically. By 1990, the quality and function of 50 percent of our machinery products will reach the level of the late seventies or early eighties in the industrially developed countries. Some of our products will reach the world advanced level. Our total output value will reach 110 billion yuan, an increase of 51 percent over 1985.

2. We will make a great breakthrough in expanding the export of machinery products. In the meantime, we will lay a solid foundation for further expansion of exports during the nineties. To do so, we should manufacture marketable products and attach importance to opening up international markets. By 1990, the export volume of our machinery products will reach \$1 billion, an increase of about 240 percent over 1985.

3. We should markedly enhance our economic results and provide more funds for the state. By 1990, the profits and taxes we turn over to the state will reach 21 billion yuan, an increase of more than 40 percent over 1985.

[Reporter] What measures will you take in order to attain the above-mentioned objectives of struggle?

[He] We will fight three tough battles and take five measures. These three tough battles are: 1) We will devote our main efforts to enhancing our capability of producing large complete sets of equipment. We should conscientiously digest technology we have imported. We should fight a tough battle in order to increase the level of our products. 2) We should make a breakthrough in strengthening our technical management, and in working out strict discipline in order to promote the work of technical management, establishing and improving the system of quality control. We will fight a tough battle of enhancing product quality in this regard. 3) We should firmly grasp the work of establishing an export base, and implement the relevant policies. We should open up international markets, and fight a tough battle aimed at expanding the export of our machinery products.

The five measures to be taken are: 1) We should firmly grasp management, and fully enhance the level of our enterprise management; 2) We should lay a firm foundation, in terms of basic technology, basic components, basic skills and basic machinery; 3) We should accelerate technical reform, and actively promote specialized cooperation in order to further improve the quality and structure of our enterprises; 4) We should exert our main efforts to economize on raw and processed materials and energy, and develop more products which need less energy to comprehensively enhance the social and economic results of our enterprises; 5) While grasping the work of training personnel, we should also do well in utilizing them. We should strengthen the work of training talented personnel, and enhancing the quality of our workers and staff members. Devoting our efforts to these five main aspects, I believe that the quality of our machine-building industry will be markedly improved.

[Reporter] The Ministry of Machine-Building Industry is one of the three experimental units of the State Council in structural reform. What experience have you achieved over the past 18 months, and what will you do during the period of the Seventh 5th-Year Plan?

[He] We have achieved certain experience in the reform of the management system of the machine-building industry. We have transferred all basic machine-building industry to the lower levels, and created conditions for separating government administration from enterprise management. We have taken an important step in the overall management of the machine-building industry as a whole.

During the period of the Seventh 5-Year Plan, we will continue to give first priority to reform, and implement document No 24 issued by the State Council. We should further reinvigorate enterprises, and provide medium and large enterprises with more vigor and vitality. The key to our success in this respect lies in grasping well in the work of implementing various measures, and truly delegating power to enterprises concerned. We should take a new step in establishing lateral economic links.

#### AUDITORS UNCOVER SERIOUS FINANCIAL VIOLATIONS

HK130228 Beijing CHINA DAILY in English 13 Jun 86 p 1

[By staff reporter Zhu Ling]

[Text] Auditors throughout China uncovered serious violations of State financial regulations involving more than 674 million yuan (\$211 million) in the first quarter of this year, CHINA DAILY was told yesterday.

The cases involved massive overspending on capital construction, fraud and tax evasion, mainly by concealing profits and partially reporting taxable income.

Of the total sum involved -- which was actually 80 million yuan less than the same period last year -- 235 million yuan is owed to the State Treasury and so far, 50 percent of the money has been traced back. The State Audit Administration altogether verified the books of 9,044 businesses in the first quarter of the year.

An administration official said that in the first three months of the year, 57 serious violations involving more than 1 million yuan each and 18 graft cases involving more than 10,000 yuan each were discovered.

The official said the situation was particularly bad in the field of capital construction as many businesses were obtaining funds in any way they could to expand construction despite frequent government demands for strict controls on the scale and size of capital construction. The government already devotes the lion's share of the state's revenues to fund capital construction every year.

In the first three months of this year, it was discovered that more than 110 million yuan was illegally collected to spend on capital construction projects.

Another serious problem is the false declaration of production costs, the hiding and falsifying of profits and partial reporting of taxable income by some industrial and agricultural firms.

Between January and March this year, violations involving 164 million yuan were uncovered.

The State Audit Administration was set up in September 1983 as part of the nation's effort to improve financial control. Last year, its 28,000 staff exposed violations involving 7.7 billion yuan.

The office has the books of about 2 million businesses across the country to audit regularly and its limited staff has only checked about 3 percent of them since it was opened.

Between September 1983 and the end of 1985, the office discovered cases of fraud, waste and tax evasion involving 8.9 billion yuan after checking the accounts of more than 58,000 businesses.

The auditors have also been watching the use of international loans in China, as one of the administration's priorities is to ensure that they are being used efficiently and lawfully. About 2,200 auditors have been involved in this work.

The official stressed that the administration's top priority this year was to ensure economic discipline and watch out for businesses which were spending too much on bonuses and consumer goods.

He said that the indiscriminate use of the bonus system, which had become widespread over the past two years, had now been brought under control.

#### STATE CRACKS DOWN ON 'SHODDY GOODS' PRODUCERS

HK130202 Beijing CHINA DAILY in English 13 Jun 86 p 3

[By staff reporter Nie Lisheng]

[Text] The State is taking legislative steps to penalize producers and sellers of shoddy goods and to hold them responsible for damages incurred by consumers.

The action is included in a set of regulations recently approved by the State Council concerning responsibility for the quality of industrial products. The regulations will go into effect on July 1.

The regulations prohibit all factories and shops from producing or selling substandard goods, including outdated items that have been banned by the State or goods that have not yet been approved by State quality-control institutions.

Producers and sellers are also strictly forbidden to market shoddy or fake goods or to pass them off as famous brand, fine-quality goods by usurping trade marks, or to engage in tie-in sales requiring poor products to be bought along with good ones.

Poor quality has become a major problem as some enterprises seek to increase production and profits at the expense of quality.

Since the third quarter of last year, the State Economic Commission has conducted three quality surveys. Each time it found at least one-third of products were not up to State standards.

But since China has had no effective regulations pinpointing responsibility, producers and sellers blame others to avoid punishment. As a result, consumers have suffered.

The new regulations stipulate that:

-- If parts or components of products fail to work but can be repaired, producers must repair them within an agreed time.

-- If these parts of components are beyond repair, the factories should take them back and provide consumers with good ones.

-- If products fail to function because of design defects, producers should provide consumers with refunds or compensate them for economic losses.

State industrial and commercial institutions will have the task of penalizing persons or enterprises found guilty of:

-- Producing and selling shoddy or fake goods in the guise of fine-quality or famous-brand merchandise.

-- Producing and selling goods without identifying their markers or those that have not received a certificate testifying to their quality.

-- Producing and selling outdated products or goods that have been turned out without State production licences or that are made of raw materials or components that fail to come up to State standards.

All profits from the above production and sales will be confiscated and an additional fine of up to 20 percent of the profits will be imposed.

#### PROCURATORS ON HANDLING DERELICTION OF DUTY CASES

HK110131 Changsha Hunan Provincial Service in Mandarin 2200 GMT 10 Jun 86

[Excerpts] A forum of procuratorates of 16 provinces, municipalities, and autonomous regions on handling cases of dereliction of official duty concluded in Yueyang on 10 June.

Zhang Siqing, deputy chief procurator of the Supreme People's Procuratorate, stressed at the meeting: We must certainly not absolve the criminal behavior of dereliction of duty as bureaucraticism or an unhealthy trend. We must draw clear policy demarcation lines in law and deal severely with such cases, to ensure the further development of opening up to the world and enlivening the domestic economy.

Zhang Siqing said: State work personnel who approach their work in a gravely irresponsible attitude and fail to carry out or correctly carry out their duties, resulting in serious losses to public property and the interest of the state and the people, are guilty of dereliction of official duty. We cannot deal with dereliction of duty as bureaucratism or an unhealthy trend, and allow them to escape punishment and remain at large. Nor should we treat as a crime ordinary bureaucratism and unhealthy trends that have not caused serious losses.

At present we must in particular investigate and deal with seriously cases of dereliction of duty in purchase, sales, and credit and loans activities.

During the meeting, (Jiang Feng), director of the law and discipline inspection office of the provincial people's procuratorate, spoke on the province's situation and experiences in handling cases of dereliction of duty since last year.

#### MINISTER ADDRESSES WATER CONSERVANCY MEETING

OW121355 Beijing XINHUA Domestic Service in Chinese 1456 GMT 11 Jun 86

[By reporter Cui Lisha]

[Text] Beijing, 11 Jun (XINHUA) -- At the rural water conservancy work meeting that ended today, Qian Zhengying, minister of water conservancy and electric power, said that in order to realize the targets set for agriculture in the "Seventh 5-Year Plan" and build strength for future advances in accordance with the demands of consolidation, renovation, and appropriate development, efforts must be made to increase the nation's irrigated land by 20 million mu by 1990 on the basis of the current 720 million mu. Also, an additional 20 million mu of flooded land must be drained.

In her speech delivered at the meeting, Qian Zhengying summed up the major achievements in water conservancy construction scored over the past 37 years since the founding of the PRC. She further pointed out the main existing problems in water conservancy construction by citing the disrepair and declining efficiency of some aging water conservancy works and the increasingly strained water resources in northern China. She maintained that some localities have relentlessly drawn on the water conservancy facilities and underground water. But such plundering of resources cannot go on forever. If the above two problems are not properly addressed with drastic measures in good time, flood and drought are likely to return to some localities and upset the ecological balance, thereby adversely affecting national economic development.

Qian Zhengying continued: The reason I raise this problem now is not to show the grim prospect for water conservancy construction, but to attempt to work out new ways to raise water conservancy work to a new level so that it will become compatible with national economic development. She stressed that we must first enhance our understanding of water conservancy work and strengthen leadership over it. The various localities must seek to clearly understand the actual conditions of water conservancy works and report to the upper authorities, asking that the handful of waterworks that are truly inefficient be scrapped.

However, it is necessary to firmly repair, maintain, and fully bring into play the efficiency of a large number of water conservancy works that are closely related to the safety of the people and production. We must determine whether such facilities should be further developed according to needs and feasibility. Beginning this coming winter, the whole country must carry out major water conservancy repair and renovation projects in a continuous and planned manner. Moreover, we must set up a labor accumulation system by which the various localities provide for the annual labor input and labor accumulation for rural water conservancy construction according to the needs of projects and the actual capabilities of rural residents. Furthermore, we must increase investment in water conservancy construction through various channels so water conservancy investment can be restored to 1980 levels as soon as possible. At the same time, localities that possess more water conservancy facilities must correspondingly set up and perfect the grass-roots water conservancy management organizations of the various districts and townships. This is the key to properly managing and utilizing water conservancy works.

Dwelling on water conservation, Qian Zhengying pointed out that water conservation is a strategic task in water conservancy work, and stressed that the whole society must be educated to conserve water. She said: China's average per-capita share of water resources is equivalent to only one-quarter of the world per-capita share, and its distribution is highly uneven. With an average per-capita share of water resources less than a quarter of the national average, water shortages have become a prominent problem in northern China and in some coastal regions. Hence, it is necessary to work out economic and technical measures for water conservation, firmly grasp water conservation work in the industrial cities, and strive to develop agriculture, which consumes less water. To smash the practice of "sharing water from the same big pot" and to promote water conservation, we must employ the economic lever of collecting water fees. We must also enact a water law as soon as possible, and the various provinces, autonomous regions, and municipalities must establish departments for the unified management of water resources.

#### MEETING URGES INCREASING RURAL BUYING POWER

OW121420 Beijing XINHUA in English 1404 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- Peasants' earnings must continue to rise if China is to sustain its economic expansion, Du Runsheng, director of the China Rural Development Research Center, told a meeting here.

He said: "The consumer demands of our 800 million peasants constitute the driving force behind industrial production."

The meeting was organized by the rural development research center, an advisory body set up in 1982, which is attached to the State Council.

Du said: "One can hardly expect China's industrial market to expand if peasants' purchasing power remains stagnant."

He pointed out that rural economic reforms introduced since 1980 had boosted productivity and enabled surplus labor to switch to industry and service trades.

As a result, average annual peasants' earnings had soared from less than 90 yuan in the early 1980s to about 400 yuan last year.

To boost earnings and rural production further, Du called for higher prices for farm produce, an expansion of rural industry and an increase in government spending on agriculture.

Every effort must be made to ensure the proper use of and protection of soil, water and forestry resources.

The indiscriminate misuse of farmland -- such as using it for building purposes -- must be cracked down on, said Du.

He stressed that the contract responsibility system, under which families earn more for producing more, should be continued, and that peasants should be encouraged to join forces and form production co-operatives.

'EMERGENCY CALL' ISSUED ON GAS WATER HEATERS

HK110312 Beijing CHINA DAILY in English 11 Jun 86 p 3

[By staff reporter Nie Lisheng]

[Text] The State has issued an emergency call for safety precautions over the use of water heaters after more than 20 people died of gas poisoning around the country.

The fatal accidents occurred either because of excessive carbon monoxide emissions or because the heaters had not been installed in a place with good ventilation, said an "urgent circular" prepared by the State Economic Commission and four other government departments released yesterday by the Consumers' Council of China quality Control Association.

Because of design faults, nearly half of the home-made heaters were said to be not up to the State requirement that the fumes from the heaters should contain no more than 0.05 per cent carbon monoxide, a chemical formed because of incomplete combustion. Some types of heaters have been found to emit 10 to 30 times that amount.

Most Chinese houses and apartments are still not spacious enough to have a specially-designed place for the gas water heaters, which are often installed in a small bathroom with poor ventilation.

China now has six major water heater factories with an annual output of 170,000 mostly small "instant" heaters. An estimated 200,000 such heaters have been sold.

The notice ruled that manufacturers must conduct strict safety checks on carbon monoxide emissions before they are sold.

In turn, the notice said, consumers must not install the heaters directly in bathrooms but in a well-ventilated outside place with a duct leading hot water inside.

At a press conference yesterday, the State Economic Commission also disclosed that it will be conducting a nationwide safety inspection on 20 kinds of electric appliances amid concern that their poor quality has also caused many deaths.

Last year alone, there were four reported fatal cases of electric shocks with the use of defective electric fans, an official of the commission said. Fatal and fire accidents in connection with washing machines, electric cookers and blankets were also said to be frequent.

The problem seems to have become worse this year. In January, another three fatal accidents involving the use of electrical appliances were reported in Beijing and Shanghai.

TIAN JIYUN ADDRESSES RURAL WATERWORKS FORUM

OW110435 Beijing XINHUA Domestic Service in Chinese 1028 GMT 10 Jun 86

[Text] Beijing, 10 Jun (XINHUA) -- It is necessary to attach great importance to and further intensify the construction of rural irrigation works, and increase investment in agriculture in order to build up our strength for future advances, achieve greater growth in China's agriculture, and fulfill the targets set in the Seventh 5-Year Plan, said Tian Jiyun, vice premier of the State Council, after hearing briefings at a forum on rural irrigation works yesterday.

Tian Jiyun said: Since the 3d Plenary Session of the 11th CPC Central Committee, China's agriculture has undergone a remarkable transformation. Many factors are involved in this transformation, which can be attributed mainly to the line, principles and policies formulated by the party since the 3d Plenary Session of its 11th Central Committee, as well as to the economic structural reform. All of these have fired the enthusiasm of hundreds of millions of Chinese peasants. At the same time, the transformation is also inseparable from state investment and the arduous struggle of the masses of people in building irrigation works over a protracted period of time. Human enthusiasm can be conducive to the development of productive forces only under certain production conditions. As irrigation is the lifeline of agriculture, without irrigation works such a remarkable transformation would be impossible. Our fruitful results in rural irrigation construction over the past 3 decades or so should be fully acknowledged. We must cherish and consolidate our achievements, and further intensify rural irrigation construction in order to steadily increase the output of grain, cotton, edible oil crops, and other cash crops, and develop the rural economy in all fields.

Tian Jiyun emphatically pointed out: Fundamentally speaking, to achieve greater growth in Chinese agriculture and advance it to a new stage, it is necessary to study and solve the strategic question concerning the building up of our strength for future agriculture advances. To do so, it is necessary to, first of all, persist in reform, continue to improve various rural reform measures and the household contracted responsibility system with remuneration linked to output, promote lateral economic ties, and provide better service before and after production so that the policies can be more effectively implemented and the enthusiasm of the broad masses of peasants further harnessed. Great potential in this aspect awaits our exploitation. Second, it is necessary to further straighten out the prices of farm products and perfect the procurement and marketing policy. Third, scientific methods must be adopted in farming. Fourth, investment in agriculture should be increased. Without increasing a certain amount of investment, it will be difficult to fulfill the targets set for agriculture in the Seventh 5-Year Plan. Tian Jiyun said: An important aspect of increasing agricultural investment is to intensify rural irrigation construction.

It should be pointed out that despite our remarkable achievements scored in rural irrigation construction, China's agricultural foundations remain rather weak. Farming in quite a few places is still dependent upon the weather; agricultural production being seriously affected by drought or flood. As a result of insufficient investment and poor maintenance in recent years, the efficiency of water conservancy works in some localities has gradually declined. It will be difficult to continue to use the old facilities without proper maintenance. This is a question that merits our serious attention. From now on, we should gradually increase investment in agriculture and improve the rural irrigation works with all the available financial and material resources.

Tian Jiyun said: Although we should increase investment to build new water conservancy works, we should also properly manage the existing facilities and keep them in good condition so that they can be more effectively used. This is an important issue and practical way to improve rural irrigation works. We have already built up certain foundations for our water conservancy works, but quite a few problems remain. A glaring one is the anarchy at some irrigation facilities, resulting in damage and inefficiency. This problem should not be handled lightly. Improper maintenance, management, and use of the existing irrigation facilities is tantamount to an irresponsible attitude toward the people. All localities should regard this as a pressing task and pay close attention to doing it well. Tian Jiyun called on the departments in charge of water conservancy facilities to improve their work in the spirit of reform. He pointed out: In carrying out rural irrigation construction, it is necessary to accumulate certain labor forces, proceed from the actual situation in improving the grass-roots irrigation management organizations and personnel and introducing the responsibility system, adopt measures suited to local conditions to promote diversified undertakings, and apply economic and administrative means to conserve water. In short, it is necessary to persist in reform and advance in an enterprising spirit to improve further our rural irrigation works.

#### MORE ENTERPRISES BEGUN WITH FOREIGN INVESTMENT

OW080818 Beijing XINHUA in English 0700 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- China has started more than 6,600 enterprises with foreign investment in the past six years, and over 2,000 of them that have gone into operation are doing well and have attained economic results to varying extent, the overseas edition of today's PEOPLE DAILY reports.

According to the foreign investment administration of the Ministry of Foreign Economic Relations and Trade, the paper says that efforts are being made to help tackle the problems with the management of some of these enterprises.

In the past six years, China has concluded the contracts with overseas partners, involving 16.7 billion U.S. dollars, of which some 4.85 billion U.S. dollars have been actually put to use.

Investors have come from more than 30 countries and regions in the world, with marked rise in the amount of investment from the U.S., Western Europe and Japan, the paper says, adding that in term of investment amount, Hong Kong ranks the first, followed by the U.S. and Japan.

The overseas investment has been attracted not only to service trades, but also increasingly to productive projects in petroleum, chemical industry, transportation, posts and telecommunications, light industry, textiles, machine building, electronics, metallurgy, building materials, medicine, and agriculture, animal husbandry and fisheries, the paper says.

LEADERS ATTEND VETERAN COMRADE'S FUNERAL

OW130417 Beijing XINHUA Domestic Service in Chinese 1522 GMT 12 Jun 86

[Excerpts] Beijing, 12 Jun (XINHUA) -- A ceremony to bid farewell to Comrade Li Yu, a loyal communist fighter, long-tested outstanding CPC member, and Standing Committee member of the CPPCC National Committee, was held at the auditorium of the Babaoshan Cemetery of Revolutionaries in Beijing this afternoon. Comrade Li Yu died of illness in Beijing on 30 May at the age of 80.

Comrade Li Yu's remains lay amidst fresh flowers and green cypress leaves. To the accompaniment of funeral music, Comrades Xi Zhongxun, Fang Yi, Yang Shangkun, Yu Qiuli, Chen Muhua, Chen Pixian, Bo Yibo, Song Renqiong, Wang Shoudao, Cheng Zihua, Ye Fei, Gu Mu, Zhang Jingfu, Hong Xuezhi, Zheng Tianxiang, and Yang Jingren, as well as officials from departments concerned, paid their last respects to Comrade Li Yu's remains.

YU QIULI CALLS ON ARMY VETERANS IN HANGZHOU

OW100351 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 9 Jun 86

[Text] Yu Qiuli, director of the PLA General Political Department, called on some veterans of the Red Army and the 8th Route Army in Hangzhou on the afternoon of 6 June. Yu Qiuli asked them individually about their daily life and well-being and wished them good health and a long, happy life. Yu Qiuli said: Old comrades are now staying at the second or third line so that young people can work at the front line. This is conducive to the training of cadres, and it is also necessitated by the revolutionary cause. Old comrades should enthusiastically support and assist young cadres in solving problems and surmounting difficulties. At the same time, the young cadres should be given a free hand in work and should not always be spoon-fed. As far as the young comrades are concerned, they should accurately appraise themselves, be modest and prudent, and show respect for old comrades. While calling on veterans of the Red Army and the 8th Route Army, Director Yu Qiuli was accompanied by Guo Linxiang and Zhou Wenyuan, deputy directors of the General Political Department; Xiang Shouzhi, commander of the Nanjing Military Region; and Fu Kuiqing, political commissar of the same military region.

XI ZHONGXUN GREETS NATIONALITY ACADEMY JUBILEE

OW120419 Beijing XINHUA Domestic Service in Chinese 1413 GMT 11 Jun 86

[By reporter Chen Yan]

[Excerpts] Beijing, 11 Jun (XINHUA) -- The Central Academy of Nationalities held a solemn gathering to commemorate the 35th founding anniversary of the school. Ngapoi Ngawang Jigme and Bainqen Erdini Qoigyi Gyaincain, vice chairmen of the NPC Standing Committee, and Yang Jingren, vice chairman of the CPPCC National Committee, visited the school to offer their congratulations. Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, made a special phone call to the school, expressing his best wishes to its faculty, students, workers, and staff for successes in their ideology, study, and work.

HU YAOBANG CRITICIZED FOR SUN YAT-SEN REMARK

OW131047 Taipei CNA in English 0931 GMT 13 Jun 86

[Text] Taipei, June 13 (CNA) -- Chinese Communist Party General Secretary Hu Yao-pang, known for his habit of shooting from the hip, got himself into trouble again by referring to Dr. Sun Yat-sen, founding father of the Republic of China, as "once the founding father of our country." Hu made the remark in London last Sunday when he was visiting the place where Dr. Sun had been imprisoned by Manchu officials after being kidnapped. Upon seeing a bronze bust of Sun in the room, Hu said, "he was once the founding father of our country." The official HSINHUA NEWS AGENCY, which duly reported Hu's remark, issued a notice on the following day that the remark should be deleted. Peiping also pretends to honor Sun as part of its united front ploy, describing him as a "forerunner of revolution" instead of the father of modern China.

TAIWAN DEFECTOR NAMED PRC CAAC DEPUTY

OW150911 Tokyo KYODO in English 0852 GMT 15 Jun 86

[Excerpt] Hong Kong, June 15 KYODO -- The pilot of Taiwan's China Airlines who defected to China last month, has been named a deputy chief of the Beijing administration office of the Civil Aviation Administration of China (CAAC), the Chinese-language newspaper TA KUNG PAO of Hong Kong reported Sunday. Hu Yizhou, director general of CAAC, announced the appointment in a meeting of senior officials of CAAC's Beijing administration office, held in Beijing last Thursday, the newspaper reported. The pilot Wang Xijue (or Wang Hsi-Chueh) attended the Beijing meeting and told some 200 senior officials of the Beijing office that he would devote himself to prosperity in China's Civil Aviation Service, the newspaper said.

ECONOMIC COOPERATION CONFERENCE WITH ROK ENDS

OW160637 Taipei CHINA POST in English 14 Jun 86 p 12

[Excerpts] President Chon Tu-hwan of the Republic of Korea yesterday told the ROC Minister of Economic Affairs Li Ta-hai and his entourage that Taipei and Seoul should strengthen their economic cooperation, particularly in reducing their trade deficits with Japan. Accompanied by ROC Ambassador to the ROK Hsueh Yu-chi, Minister Li and other delegates participating in the ROC-Korea Economic Cooperation Conference in Seoul paid a visit to President Chon yesterday afternoon. In the 30-minute meeting. President Chon asked Li to extend his greetings to President Chiang Ching-kuo. Chon also decorated Li with a medal in recognition of his contribution to economic cooperation between the two countries. Li, who heads the ROC delegation, said on his part that consultations and exchange of experience will catapult the two countries into the ranks of the highly developed countries. He also praised Korea for having built a firm foundation for its auto, steel and semiconductor industries, which have begun to show their strength in the world market. Li also pointed out that the ROC should learn from Korea on how to improve its economic structure at a faster pace.

The annual conference is to end today after the two sides issue a joint communique. The ROC delegation will return to the Chiang Kai-shek International Airport at 7:40 p.m. today and meet the press afterwards in the airport terminal.

PRC INTELLIGENCE RESEARCH FOCUSES ON DEFENSE STRATEGY

HK131248 Hong Kong MING PAO in Chinese 13 Jun 86 p 7

[**"Special dispatch from Beijing": "Intelligence Research Shifts Orientation, Focuses on National Defense Strategy"**]

[Text] Quietly, the Intelligence Research Institute of China's Commission of Science, Technology and Industry for National Defense is undertaking a reform, shifting from specific, individual and professional intelligence research to macro, comprehensive and general intelligence research.

It was in the structural reform of science, technology and industry for national defense, which has set new tasks for intelligence research, that this change began. Because of this change, the work of intelligence research has now shifted its orientation to serving the macro management and decision-making of science, technology and industry for national defense and providing references for science and technology for national defense, the strategy for armament development and the structural reform as well as major scientific and technological orientations.

In recent years, of all the research items of science and technology for national defense undertaken by the Commission of Science, Technology and Industry for National Defense, 9 have won national awards for scientific and technological achievements and 28 have been given departmental awards of grade 3 or higher by the Commission of Science, Technology and Industry for National Defense.

It has been disclosed that following the emergence of the "Strategic Defense Initiative" (or, the star wars plans), this research institute began to closely follow its development and proceeded to gather information and make comprehensive analyses and research the background, essence and feasibility of the "Strategic Defense Initiative" as well as its impact on global strategic principles. The achievements of their research on the management systems of the science and technology for national defense in foreign countries have given impetus to the reform of China's management system of science and technology for national defense.

Their forecasts on the battlefronts in the year 2000, their research on military technology in 2000, and so on, have provided important background materials for the development of China's science and technology for national defense and the technology of armaments. GUOFANG KEJI YAOWEN [IMPORTANT NEWS ABOUT SCIENCE AND TECHNOLOGY FOR NATIONAL DEFENSE] which they edit and publish, gives the central authorities and every department timely information about military technology and trends in armament development and is generally favorably received. The book entitled "The Present Conditions of the Armaments of Foreign Troops and Their Development Trends," written and edited by them, is also highly regarded by many units inside and outside the Army.

Intelligence work is a kind of very difficult and arduous mental labor. In the past, this institute primarily conducted research on armament systems and other relevant technology. At present, in the research of strategies for national defense and the development strategem for science and technology and armaments for national defense, as the level has become higher, the horizon wider and more difficult, new demands have been made on the researchers.

Therefore, the CPC Committee of this research institute has asked all the researchers to change their concepts; free themselves from conventional strategem and technology; macroscopically study the role and impact of the development of science and technology for national defense and armament systems on strategy; conduct comprehensive research in light of political, military, economic, technological and various other factors; and make use of advanced equipment, such as computers, to master quantitative analysis methods. As a result, researchers must constantly update their knowledge, open up new vistas of study and adapt themselves to new work requirements.

It has been learned that at present, the backbone of this research institute is mainly a number of middle-aged intellectuals who have a sharp sense of strategy and good analytical ability and professional knowledge. Having rich research experience and mastering some advanced analytical methods, they have become the right-hand advisers to the decision-making organs.

#### PRC OFFICIAL CRITICIZES TOUGH FOREIGN PRODUCT STANDARDS

HK130940 Hong Kong SOUTH CHINA MORNING POST in English 13 Jun 86 Business Post p 2

[By Paul Sham]

[Text] Countries which deliberately impose tough product standards to protect their own industries from the imports of developing nations came under attack yesterday from a leading Chinese official. Mr. Zhong Ming, first deputy director-general of the China State Bureau of Standards, said "complicated and harsh technical standards are increasingly becoming the main means of a new protectionism." This is one of the many reasons for the huge deficit developing countries have suffered in their trade with industrialised nations. Some countries frequently change the requirements or deliberately raise the levels of standards to place obstacles in the way of imports. "This pattern of protectionism makes the developing countries sustain great loss."

To exploit standards for "narrow and shortsighted" goals defeats the real aim of standardisation, which should be to impart greater speed and economy to trade flows and not to block them, he said.

Mr. Zhong, speaking at an American Chamber of commerce luncheon, called for a unified system of standards and said China will pursue bilateral and multilateral agreements. The diversity of standards has for too long blocked the exports of developing countries and a more unified system would help them to overcome these technical barriers.

Mr. Zhong said China would pay close attention to standards and increase product quality as part of its efforts to expand trading relations with the outside world. In terms of quality and performance, the government has planned that by 1990 some 40 percent of the country's major industrial products will reach levels achieved in the late 1970's and early 1980's by developed countries, he said. A system will be developed with a quality index for export products as the core.

"In the past, because some departments did not give enough attention to quality, health, packaging, testing and other requirements... of export products, claims and returns now and then occurred," he said. Mr. Zhong also called for a universal technical language to be adopted to reduce technical barriers to trade.

He said China is developing a system of certification, although conceding it began the work a little late. "In international trade, not only technical standards can create technical barrier, but certification systems can also become obstacles to trade."

PRC UNIVERSITY TO INTRODUCE SOCIAL WORK PROGRAM

HK080348 Hong Kong SUNDAY STANDARD in English 8 Jun 86 p 5

[By Yan Mei-ning]

[Text] Guangzhou's Zhongshan University is to introduce China's first social work programme this summer with the first group of students graduating in 1988.

Nevertheless, it is expected that these graduates will quickly be absorbed by government departments. Frontline workers, forming the bulk of social workers in Western countries, would not appeal for several years, according to the professor in charge of the programme.

Professor He Zhaofa, head of the Sociology department of the Zhongshan University, talked to the SUNDAY STANDARD about the university's effort to re-establish sociology studies after an interruption of 30 years. Studies in sociology stopped in 1951 to make way for other practical subjects, following the Soviet practice adopted after the 1917 Revolution. Zhongshan University was the first university to reintroduce sociology studies in 1981. After a preparation of three years, the university admitted its first group of sociology students in 1984.

At present, the university is one of three national comprehensive universities offering sociology studies in China, the other two are Beijing University and Nankai University. "Even developed countries put more emphasis on science and technology. But it is inappropriate, in the long run, to ignore humanity subjects. The Soviets revived sociology studies during the fifties," Professor He said.

Born in Hong Kong and a UCLA graduate in the forties, the Professor went to Guangzhou to teach at Ningnan University, but had to change to teaching of Southeast Asia history from the fifties onward. At the head of the pioneer project, Professor He, at an age of 65, is working hard to fulfill his plan to establish a first class sociology department in the next ten years. By 1991, it is hoped that the department will have built up a staff of 34 with three specialities and one research institute. The three specialties are to be community studies, social work and social psychology, while the research institute will be on applied sociology.

At the moment, only the speciality of community studies has been established. The one for social work will be launched this summer and will remain as a programme until it is upgraded to a speciality in due course.

After a lapse of 30 years, there is practically no teaching staff apart from a few aged academics such as Prof He. What the university is doing is to invite lecturers and professors from overseas to teach graduate students and then send the students abroad to study for doctorate degrees.

"As there has not been a department of sociology before, the graduate students came from various disciplines. We have to give a lot of remedial lessons in sociology to them. It is also very expensive to send them abroad. It costs U.S.\$20,000 a year and free home visit has to be provided every two years. Even this cause considerable difficulty for us at the moment, I insist on laying a good foundation. There is no such thing as quick, plenty and cheap."

The University of Hong Kong is working out a curriculum for the social work programme, and lecturers from Hong Kong come to Guangzhou to conduct courses. Professor He said the students expect to study courses such as juvenile delinquency, social security, disabilities and community organisation, etc.

The SUNDAY STANDARD asked what the future development of the department will be, with teaching staff sent abroad and students taught by Hong Kong and overseas lecturers. The other query was what kind of career projects the graduates could expect. Professor He emphasised that the university has to develop its own style of sociology with Chinese characteristics.

"I have recently proposed that teachers returning from studies in foreign countries should go into the factories and villages for half a year. It helps them to get to know more about the livelihood of the average people and get rid of any Western styles they may have picked up,", said Prof He.

"Unlike physical sciences, we cannot transplant Western sociology. But what we can do is to modify it," he added. Prof He said the department is trying to draft a new set of social securities for the country. "Our country has a very good system of social securities, but it is for cadres only. With the growth of private business, we have to think of how to take care of the individuals who are no longer under the umbrella of state enterprises. It is unfair for them to pay tax without getting anything in return. On the other hand, free medical treatment, for example, practised at the universities, is creating waste. This is what we should avoid."

He said the career prospects for the 43 students who will be graduating in 1988 are good. "Central government department such as the Ministry of Labour and Personnel, Ministry of Civil Affairs, Ministry of Public Health and the Rural Development Research Centre will recruit these graduates. They can also get jobs with the Public Security Bureau, in Guangdong Province, and some of the organisations such as the Chinese Communist Youth League and the All-China Women's Federation," Prof He said.

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